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SAN FRANCISCO PORT COMMISSION

Leslie Katz, President
Willie Adams, Vice President
Kimberly Brandon, Commissioner
Mel Murphy, Commissioner
Doreen Woo Ho, Commissioner

Monique Moyer, Executive Director Amy Quesada, Commission Secretary
Phone: 415-274-0400; Fax 415-274-0412 Phone: 415-274-0406; Fax 415-274-0412

MEETING AGENDA TUESDAY, OCTOBER 14, 2014 2:00 P.M. CLOSED SESSION 3:15 P.M. OPEN SESSION

PORT COMMISSION HEARING ROOM, SECOND FLOOR
FERRY BUILDING, SAN FRANCISCO CA 94111

The Port Commission Agenda as well as Staff Reports/Explanatory Documents available to the public and provided to the Port Commission are posted on the Port's Website at www.sfport.com. The agenda packet is also available at the Pier 1 Reception Desk. If any materials related to an item on this agenda have been distributed to the Port Commission after distribution of the agenda packet, those materials are available for public inspection at the Port Commission Secretary's Office located at Pier 1 during normal office hours.

1. CALL TO ORDER / ROLL CALL
2. APPROVAL OF MINUTES – September 23, 2014
3. PUBLIC COMMENT EXECUTIVE SESSION
4. EXECUTIVE SESSION

10-10-14P03:12 RCYD

GOVERNMENT
DOCUMENTS DEPT

OCT 10 2014

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A. Vote on whether to hold closed session.

- (1) CONFERENCE WITH LEGAL COUNSEL AND REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8. *This session is closed to any non-City/Port representative:
 - a. Property: Shipyard, located on Pier 70 near Illinois and 20th Streets
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning and Development; Peter Dailey, Deputy Director, Maritime; Ricky Tijani, Project Manager, Planning and Development; Gerry Roybal, Marketing Manager, Maritime.

*Negotiating Parties: BAE Systems San Francisco Ship Repair, Inc., a California corporation: William Dunbar, General Manager

Under Negotiations: ___ Price ___ Terms of Payment ☒ Both
The Port and BAE Systems San Francisco Ship Repair, Inc.
("BAE") are negotiating a new lease for the Pier 70 Shipyard. In this executive session, the Port's negotiators seek direction from the Port Commission on factors affecting the price and terms of payment, including rent structure, financial and non-financial obligations, and other factors affecting the form, manner and timing of payment of the consideration for the property interests. The executive session discussions will enhance the capacity of the Port Commission during its public deliberations and actions to set the price and payment terms that are most likely to maximize the benefits to the Port, the City and the People of the State of California.

- (2) Discussion of Executive Director's Performance Evaluation for Fiscal Year 2013-14 pursuant to Section 67.10(b) of the Administrative Code and Section 54957(b) of the California Government Code.

5. RECONVENE IN OPEN SESSION

- A. Possible report on actions taken in closed session pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.
- B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

6. PLEDGE OF ALLEGIANCE

7. ANNOUNCEMENTS

- A. Announcement of Prohibition of Sound Producing Electronic Devices during the Meeting: Please be advised that the ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing of or use of a cell phone, pager, or other similar sound-producing electronic device.
- B. Announcement of Time Allotment for Public Comments: Please be advised that a member of the public has up to three minutes to make pertinent public comments on each agenda item unless the Port Commission adopts a shorter period on any item.

8. PUBLIC COMMENT ON ITEMS NOT LISTED ON THE AGENDA

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during Public Comment Period. A member of the public has up to three minutes to make pertinent public comments. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406. No Commission action can be taken on any matter raised during the public comment period for items not listed on the agenda other than to schedule the matter for a future agenda, refer the matter to staff for investigation or respond briefly to statements made or questions posed by members of the public. (Government Code Section 54954.2(a))

9. EXECUTIVE

A. Executive Director's Report

- Commissioning of *USS America* at Piers 30/32 – October 11, 2014
- Downtown Ferry Terminal Expansion Project EIR – Certified by the Water Emergency Transit Authority Board
- Arrival of *M.V. Tern* for pickup of Drydock #1

B. Commissioners' Report

- Delegate Peter Dailey, Deputy Director of Maritime, to represent the Port at the American Association of Port Authorities Annual Convention in Houston, Texas, on November 9-13, 2014

10. CONSENT

- ### **A. Request approval for Port Commission Vice President Willie Adams and Maritime Marketing Manager Michael Nerney to attend the Cruise Line International Association's Annual Leadership Forum in Miami, Florida on November 11-14, 2014. (Resolution No. 14-53)**

11. FINANCE AND ADMINISTRATION

- ### **A. Informational presentation on the Port's year-end report on Contracting Activity for the Fiscal Year 2013-14 (July 1, 2013 through June 30, 2014).**

12. PLANNING AND DEVELOPMENT

- ### **A. Informational presentation on proposed relocation of Teatro Zinzanni complex to Seawall Lots 323 and 324, at the corner of Broadway and the Embarcadero and sponsor's request to Board of Supervisors for a sole source waiver to competitive bidding requirements.**

- B. Request by Bay Area Air Quality Management District for waiver of annual license fees related to five bay area bike share stations on Port Property, (Resolution No. 14-54)

13. NEW BUSINESS

14. ADJOURNMENT

**FORWARD CALENDAR
(TARGETED COMMISSION MEETING, SUBJECT TO CHANGE)**

OCTOBER 28, 2014

	FACILITY/POLICY	ITEM	TITLE
1	Pier 38	Informational	Presentation on Pier 38 Bulkhead Building Rehabilitation Project with TMG Pier 38 Partners, LLC, located at Delancey Street and the Embarcadero
2	Portwide	Informational	Presentation on Finger Pier Exiting Code Analysis/Model Guidelines
3	Pier 33½	Action	Approval of staff recommendations to award the RFP for retail opportunity at Pier 33½ to most qualified bidder and to direct staff to negotiate a lease
4	Portwide	Action	Authorization to enter into an Architectural/Engineering Services Contract for the Completion of an Assessment of the Port's Seawall
5	Portwide	Action	Authorization to Accept and Expend grant from the California Department of Boating & Waterways Vessel Turn-In Program to allow for removal, storage and disposal of eligible surrendered and abandoned vessels within the Port of San Francisco
6	Daggett Street	Action	Authorization to seek California State Lands Commission approval to terminate the trust on Daggett Street pursuant to SB 815

NOVEMBER 18, 2014 – SPECIAL MEETING

	FACILITY/POLICY	ITEM	TITLE
1	Portwide	Informational	Presentation on Water Taxi Operations at the Port
2	Pier 96	Action	Authorization to advertise and issue a Request for Proposals (RFP) soliciting a developer and operator for a Bulk Export Maritime Terminal Operation at Pier 96
3	Pier 38	Action	Approval of Pier 38 Bulkhead Building Rehabilitation Project with TMG Pier 38 Partners, LLC, located at Delancey Street and the Embarcadero
4	Pier 29	Action	Approval to issue a Request for Proposals (RFP) for a Retail Leasing Opportunity at the Pier 29 Bulkhead Building, located at Chestnut Street and The Embarcadero

5	Pier 94/96, Pier 48/ 50 Marginal Pier, and SWL 318 Round House Building	Action	Authorization to award Construction Contract No. 2769, Port Security Fences, Phase IV
6	Portwide	Action	Request authorization to issue an informal bid for a Financial Advisor Contract
7	Portwide	Action	Authorization to enter into a contract for Youth Employment Services
8	Portwide	Action	Authorization to enter into a contract for Emergency Operations Training.
9	SWL 337 and Pier 48	Action	Approval of the Third Amendment to the Exclusive Negotiation Agreement between the Port of San Francisco and Seawall Lot 337 Associates, LLC for the lease and development of Seawall Lot 337 and Pier 48 bounded by China Basin Channel, Third Street, Mission Rock Street, and San Francisco Bay and adjacent to AT&T Park

DECEMBER 16, 2014

	FACILITY/POLICY	ITEM	TITLE
1	Pier 80	Informational	Presentation on Cargo Marketing Plan for Pier 80 in conjunction with Metro Ports and the International Longshore and Warehouse Union
2	Pier 33½	Action	Approval of Lease for Retail Location at Pier 33½

DATE TO BE DETERMINED

	FACILITY/POLICY	ITEM	TITLE
1	SWL 337	Informational	Presentation regarding a special event in excess of 90-days at Port property at Seawall Lot 337, including a review of the special event's proforma, pursuant to Lease No. L-14980 between Port and China Basin Ballpark Company, LLC.
2	Piers 30-32	Informational	Presentation of alternatives for reuse of Piers 30-32
3	Portwide	Informational	Presentation on quality of Port's office space portfolio & required improvements
4	Portwide	Informational	Presentation of Public Comments and Recommendations on the Waterfront Land Use Plan Review Report
5	South Beach	Action	Port Commission's consideration of agreements between the Port Commission and the

			Successor Agency to mutually terminate 13 ground leases in the South Beach project area and set business terms for the transfer of the South Beach Harbor Program
6	Pier 31	Action	Authorization to advertise for competitive bids for Construction Contract No. 2762, Pier 31 Building and Roof Repairs
7	Pier 70	Action	Authorization to advertise for competitive bids for Construction, Crane Cove Park Project Phase 1
8	Pier 94 and 96	Action	Authorization to advertise for competitive bids for Construction, Pier 94-96 Storm Drain and Outfall repairs
9	Loading Dock near Tulare Street	Action	Authorization to advertise for competitive bids for Construction, Copra Crane Refurbishment
10	3rd Street & Cargo Way Triangle and Cargo Way	Action	Authorization to advertise for competitive bids for Construction, Quint Street Lead Improvement Project
11	Pier 35	Action	Authorization to advertise for competitive bids for Construction, Pier 35 Substructure Repairs
12	Pier 29	Action	Approval to issue a Request for Proposals for new tenant(s) for Pier 29 bulkhead
13	Pier 49	Action	Authorization to advertise for competitive bids for Construction Contract No. 2772, Wharf J-1 (Pier 49) Under-Pier Sewer Replacement Project
14	Pier 31	Action	Authorization to award Construction Contract No. 2762, Pier 31 Building and Roof Repairs
15	Pier 49	Action	Authorization to award Construction Contract No. 2772, Wharf J-1 (Pier 49) Under-Pier Sewer Replacement Project
16	Daggett Street	Action	Approval of Memorandum of Understanding between the Port and the City's Real Estate Department authorizing the jurisdictional transfer of the Daggett Street Right-of-Way from the Port to the City for a transfer fee of \$1.6 Million

OCTOBER/NOVEMBER 2014
CALENDAR OF UPCOMING PORT MEETINGS – OPEN TO THE PUBLIC

DATE	TIME	GROUP	LOCATION
October 28	2:00 PM Closed Session	Port Commission	Port Commission Hearing Room at the Ferry Building
	3:15 PM Open Session	Port Commission	Port Commission Hearing Room at the Ferry Building
November 18	2:00 PM Closed Session	Port Commission	Port Commission Hearing Room at the Ferry Building
	3:15 PM Open Session	Port Commission	Port Commission Hearing Room at the Ferry Building

NOTES

The San Francisco Port Commission meets regularly on the second and fourth Tuesday of the month at 3:15 p.m., unless otherwise noticed. The Commission Agenda and staff reports are posted on the Port's Website @ www.sfport.com. The Port Commission meetings can be viewed online at http://sanfrancisco.granicus.com/ViewPublisher.php?view_id=92. The Port Commission meetings are also broadcasted on the 2nd & 4th Thursday of the month at 9 p.m. on Comcast Cable Channel 26 or Astound Cable Channel 78 (formerly RCN Cable). Contact Amy Quesada at 274-0406 or amy.quesada@sfport.com

The Fisherman's Wharf Waterfront Advisory Group (FWWAG) meets regularly on a bi-monthly basis, on the third Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47 at Fisherman's Wharf. Contact Rip Malloy @ 274-0267 or rip.malloy@sfport.com

The Maritime Commerce Advisory Committee (MCAC) meets every other month, on the third Thursday of the month, from 11:30 a.m. to 1:00 p.m. @ Pier 1. Contact Jim Maloney @ 274-0519 or jim.maloney@sfport.com

The Mission Bay Citizens Advisory Committee meets on the second Thursday of the month at 5:00 p.m. in the Creek Room at Mission Creek Senior Building located at 225 Berry Street in San Francisco (along the Promenade just beyond the library.) Contact Catherine Reilly at the former Redevelopment Agency @ 749-2516 or catherine.reilly@sfgov.org

The Northeast Waterfront Advisory Group (NEWAG) meets regularly on a bi-monthly basis on the first Wednesday of the month from 5:00 p.m. to 7:00 p.m. in the Bayside Conference Room @ Pier 1. Contact Jonathan Stern @ 274-0545 or jonathan.stern@sfport.com

The Central Waterfront Advisory Group (CWAG) meets monthly on an as-needed basis, generally on the third Wednesday of the month from 5 to 7 p.m. in the Bayside Conference Room at Pier 1. Contact Mark Paez @ 705-8674 or mark.paez@sfport.com

The Southern Waterfront Advisory Committee (SWAC) meets every last Wednesday of the month from 6:15 to 8:15 p.m. Location to be determined. Contact David Beaupre @ 274-0539 or david.beaupre@sfport.com

The Waterfront Design Advisory Committee (WDAC) meets jointly with the Design Review Board of the Bay Conservation and Development Commission on the first Monday of the month at BCDC, 50 California Street, Rm. 2600, at 6:30 p.m. The Committee meets as needed on the fourth Monday of the month at 6:30 p.m. in the Bayside Conf. Rm. @ Pier 1. Contact Dan Hodapp @ 274-0625 or dan.hodapp@sfport.com

ACCESSIBLE MEETING INFORMATION POLICY

FERRY BUILDING:

The Port Commission Hearing Room is located on the second floor of the Ferry Building. The main public entrance is from the west (Embarcadero) side and is served by a bank of elevators adjacent to the historic staircase. Accessible public restrooms are on the first floor at the northeast end of the building as well as on the second floor across the lobby from the Port Commission Hearing Room. The main path of travel to the Port Commission Hearing Room is equipped with remote infrared signage (Talking Signs). The Port Commission Hearing Room is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) is available. The closest accessible BART and MUNI Metro station is Embarcadero located at Market & Spear Streets. Accessible MUNI lines serving the Ferry Building area are the F-Line, 9, 31, 32 and 71. For more information about MUNI accessible services, call (415) 923-6142. The nearest accessible parking is provided in the following off-street pay lots: 3 spaces in the surface lot on the west side of the Embarcadero at Washington Street.

Hourly and valet parking is available in the Pier 3 lot. This lot is accessed through the Pier 3 bulkhead building entrance on the east side of the Embarcadero. This lot is located on the pier deck; adjacent to the ferry boat Santa Rosa. Additional covered accessible off-street pay parking is available in the Golden Gateway Garage, which is bounded by Washington, Clay, Drumm and Battery Streets. Entrance is on Clay St. between Battery and Front Streets. There is no high-top van parking. Metered street parking is available on the Embarcadero, Washington, Folsom & Drumm Streets.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

Disability Accommodations:

To request assistive listening devices, sign language interpreters, readers, large print agendas or other accommodations, please contact Wendy Proctor, Port's ADA Coordinator at (415) 274-0592 or via email at wendy.proctor@sfport.com or Amy Quesada, Commission Secretary, at (415) 274-0405 or via email at amy.quesada@sfport.com at least 72 hours in advance of the hearing. The Port's TTY number is (415) 274-0587.

Language Assistance

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NOTICES

Know Your Rights Under the Sunshine Ordinance:

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Sections 67.1 et seq. of the San Francisco Administrative Code)

or to report a violation of the ordinance, contact Chris Ruston by mail: Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco CA 94102-4689; by phone at (415) 554-7724; by fax at (415) 554-7854 or by email at sotf@sfgov.org. Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from Mr. Ruston or by printing Sections 67.1 et seq. of the San Francisco Administrative Code on the Internet, at <http://www.sfgov.org/sunshine>.

Prohibition of Ringing of Sound Producing Devices:

The ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

Lobbyist Registration and Reporting Requirements:

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Campaign & Government Conduct Code Sections §2.100 – 2.160) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness, Suite 3900, San Francisco, CA 94102, phone (415) 581-2300 or fax (415) 581-2317; web site: www.sfgov.org/ethics.

CEQA Appeal Rights under Chapter 31 of the San Francisco Administrative Code:

If the Commission approves an action identified by an exemption or negative declaration as the Approval Action (as defined in S.F. Administrative Code Chapter 31, as amended, Board of Supervisors Ordinance Number 161-13), then the CEQA decision prepared in support of that Approval Action is thereafter subject to appeal within the time frame specified in S.F. Administrative Code Section 31.16. Typically, an appeal must be filed within 30 calendar days of the Approval Action. For information on filing an appeal under Chapter 31, contact the Clerk of the Board of Supervisors at City Hall, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco, CA 94102, or call (415) 554-5184. If the Department's Environmental Review Officer has deemed a project to be exempt from further environmental review, an exemption determination has been prepared and can be obtained on-line at <http://sf-planning.org/index.aspx?page=3447>. Under CEQA, in a later court challenge, a litigant may be limited to raising only those issues previously raised at a hearing on the project or in written correspondence delivered to the Board of Supervisors, Planning Commission, Planning Department or other City board, commission or department at, or prior to, such hearing, or as part of the appeal hearing process on the CEQA decision.



MEMORANDUM

October 9, 2014

TO: MEMBERS, PORT COMMISSION
Hon. Leslie Katz, President
Hon. Willie Adams, Vice President
Hon. Kimberly Brandon
Hon. Mel Murphy
Hon. Doreen Woo Ho

FROM: Monique Moyer *MMoyer*
Executive Director

SUBJECT: Request approval for Port Commission Vice President Willie Adams and Maritime Marketing Manager Michael Nerney to attend the Cruise Line International Association's Annual Leadership Forum in Miami, Florida on November 11-14, 2014

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

Executive Summary:

With the opening of the James R. Herman Cruise Terminal at Pier 27 in September 2014, this has proven to be a record-setting year for cruise shipping at the Port of San Francisco. Approximately 250,000 cruise guests are expected to call at the Port of San Francisco on 73 ship calls. For 2015, the Port already has booked 82 calls, and expects to reach the 300,000 passenger mark.

Cruise Lines International Association (CLIA) is the world's largest cruise industry association with representation in North and South America, Europe, Asia and Australia. CLIA represents the interests of cruise lines and travel agents before regulatory and legislative policy makers. CLIA is also engaged in travel agent training, research and marketing communications to promote the value and desirability of cruise holiday vacations with thousands of travel agency and travel agent members.

Like last year, Port staff is participating in, and is a corporate sponsor of, the Cruise Lines International Association's (CLIA) conference in Miami, Florida on November 11-14, 2014. Port staff recommend that Port Commission Vice President Willie Adams and Maritime Marketing Manager Michael Nerney represent the Port of San Francisco at the CLIA Leadership Forum. The cost to the Port of their attendance is estimated at \$4,000.00.

THIS PRINT COVERS CALENDAR ITEM NO. 10A

Background:

Globally, CLIA North America is comprised of 63 cruise lines and 13,500 travel agencies representing more than 50,000 individual travel agents. In addition, more than 120 of the most innovative suppliers of goods and services to the cruise industry make up CLIA's Executive Partner Program.

CLIA's annual Leadership Forum is a conference held exclusively for Cruise Line and Executive Partner members including Carnival Cruise Lines, Celebrity Cruises, Costa Cruises, Cunard Line, Disney Cruise Line, Holland America Line, Norwegian Cruise Line, Oceana Cruises, Princess Cruises, Regent Seven Seas Cruises, Royal Caribbean International and Silversea Cruises. The forum provides excellent networking opportunity and educational sessions.

Purpose:

The purpose of the trip is to strengthen and grow business relationships with the major cruise lines. The forum will serve as valuable building blocks for networking and business growth. This is an opportune time for Port Commission Vice President Willie Adams and Maritime Marketing Manager Michael Nerney to provide an update on the newly opened James R. Herman Cruise Terminal at Pier 27 and other Port projects.

Recommendation:

Attached, for your review and recommended approval, is a resolution authorizing travel for Port Commission Vice President Willie Adams and Maritime Marketing Manager Michael Nerney to represent the Port of San Francisco at the Cruise Line International Association's Annual Leadership Forum in Miami, Florida on November 11-14, 2014. The cost of this trip is funded in the Port Commission's approved Fiscal Year 2014-2015 budget.

Prepared by: Amy Quesada
Port Commission Secretary

Michael Nerney
Maritime Marketing Manager

Prepared for: Monique Moyer
Executive Director

**PORT COMMISSION
CITY & COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 14-53

- WHEREAS, The James R. Herman Cruise Terminal has been in development since 2007 when the Blue Ribbon Cruise Terminal Advisory Panel endorsed a new cruise terminal as a necessary and valuable addition to the San Francisco waterfront; and
- WHEREAS, The new cruise terminal at Pier 27 now serves as the main port for cruise ships coming to San Francisco and offers visitors a spectacular gateway to the City; and
- WHEREAS, With the opening of the new cruise terminal, this has proven to be a record-setting year for cruise shipping at the Port of San Francisco, with approximately 250,000 cruise guests expected, on 73 ship calls; and
- WHEREAS, The Port already has booked 82 calls in 2015, and expects to reach the 300,000 passenger mark; and
- WHEREAS, Cruise Lines International Association (CLIA) is the world's largest cruise industry association with representation in North and South America, Europe, Asia and Australia and represents the interests of cruise lines and travel agents before regulatory and legislative policy makers; and
- WHEREAS, The CLIA Leadership Forum is an annual conference held in Miami, Florida on November 11-14, 2014; and
- WHEREAS, CLIA's Leadership Forum provides the opportunity for industry stakeholders to share information, interact with one another, review best practices and discuss emerging issues important to this dynamic and increasingly global industry; and
- WHEREAS, Staff recommend that Port Commission Vice President Willie Adams and Maritime Marketing Manager Michael Nerney represent the Port of San Francisco at the CLIA Leadership Forum to strengthen and grow business relationships with the major cruise lines; and
- WHEREAS, Port staff requests approval for Port Commission Vice President Willie Adams and Marketing Manager Michael Nerney, to travel to Miami, Florida, to represent the Port of San Francisco at the Cruise Line International Association's Leadership Forum on November 11-14, 2014; and

WHEREAS, The cost of this trip is estimated at \$4,000.00 and is funded in the Port Commission's approved Fiscal Year 2014-2015 budget; now, therefore be it

RESOLVED, That the Port Commission hereby approves this travel request.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of October 14, 2014.

Secretary



MEMORANDUM

October 9, 2014

TO: MEMBERS, PORT COMMISSION
Hon. Leslie Katz, President
Hon. Willie Adams, Vice President
Hon. Kimberly Brandon
Hon. Mel Murphy
Hon. Doreen Woo Ho

FROM: Monique Moyer
Executive Director *MMoyer*

SUBJECT: Informational Item - The Port's Year-end Report on Contracting Activity for FY 2013-14 (July 1, 2013 through June 30, 2014)

I. SUMMARY

This report provides the Port Commission and the public with information on contracting activity for Fiscal Year 2013-14 (July 1, 2013 through June 30, 2014). The report covers professional services and construction contracts. At the request for the Port Commission, this report covers both LBE prime contractor and subcontractor awards and payments. This methodology is new from prior annual reports which reported only subcontractor awards and payments.

A. Total Value of New Contracts issued in FY 2013-14: \$4.6 million (12 contracts). During FY 2013-14, the Port issued 3 new construction contracts, 6 new professional services contracts, and 3 new as-needed environmental contracts for a cumulative value of \$4.6 million. Of these 12 contracts, 7 were awarded to City-Certified Local Business Enterprises (LBEs) as prime contractors for a value of \$1.44 million, or 31% of the contract awards. Combined with awards for contracts with LBE subcontractors (valued at \$1.15 million), the contracts awarded in FY 2013-14 include 56% in total LBE contract awards. This stellar result is due to expanding the Port's micro set-aside program and expanding the Port's outreach program.

All the professional services contracts (6) and two construction contracts were exempt from LBE subcontracting requirements under the City's Administrative Code Section 14B, which governs LBE participation, due to their small contract size. Additionally, in the case of the contract with the San Francisco Conservation Corp, the City's Contract

THIS PRINT COVERS CALENDAR ITEM NO. 11A

Monitoring Division (CMD) granted a waiver of LBE subcontracting requirements at the Port's request. The Port requested this waiver because the youth employment scope is a single scope of work which does not lend itself to subcontracting opportunities and the pool of qualified firms are primarily nonprofits that are not City-Certified LBEs. However, because 3, or 50 percent, these 6 professional service contracts were awarded to prime contractors who are LBEs, the Port will achieve strong LBE participation from these exempt agreements. For the two exempt construction contracts, the Port awarded both to LBEs using a micro-LBE set aside procurement process.

B. Total Professional Services and Construction Contract Payments to LBE prime contractors and subcontractors in FY 2013-14: \$22.5 million (33%).

In FY 2013-14, total Port contract payments totaled \$67.5 million, of which \$22.5 million was paid to LBE prime contractors (\$0.74 million) and subcontractors (\$21.7 million). This amount equates to 33% of total contract payments. For contract agreements that are subject to the City's Section 14B, Port payments totaled \$50.2 million, of which \$15.1 million, or 30%, was paid to LBE subcontractors. This payment performance well exceeds both the Port's performance last year (18%) and CMD's cumulative FY 2013-14 subcontracting goal of 16.4% for the Port's contract agreements subject to the Section 14B subcontracting requirements.

II. BACKGROUND

The Port engages in a variety of contractual transactions that include: leases, developer agreements, construction contracts, general services contracts, and professional services contracts. This report specifically addresses the Port's use of professional services contracts and construction contracts.

A. Compliance with Nondiscrimination Laws, Rules and Regulations: The Port must comply with federal, state, and local laws concerning nondiscrimination in contracting. Construction contracts, general services contracts, and professional services contracts are subject to the San Francisco Administrative Code Section 14B LBE subcontracting participation requirements. The LBE program was established to expand City contracting opportunities for small San Francisco based companies – as are defined based on gross receipts. Local firms apply to and are certified by the City's General Services Agency Contract Monitoring Division (CMD). When participating as a prime contractor or as part of a Joint Venture, Certified LBEs receive bid discounts. For contract agreements that fall within San Francisco Administrative Code Section 14B, the CMD also sets LBE subcontracting goals through a process in which CMD staff reviews the scope of the project, the nature of the work compared to available Certified LBEs, and sets a required LBE subcontracting goal as a way to provide work to Certified LBEs. CMD determines compliance with subcontracting goals at the time the contract is closed-out.¹ The LBE program applies only to City contracts. City contracts are

¹ LBE subcontracting goals are calculated on the base contract amount. Following CMD policy, contract allowances, alternates or contingencies are not factored into calculating final LBE participation rates. CMD reviews on a case-by-case basis, contract amendments that result in a cumulative increase in the

exempt from the LBE program if 1) the contract value is less than \$50,000, 2) Federal law, as in the case of grant funds, prohibits the use of local preference, or 3) the Board of Supervisors or the San Francisco General Services Agency Contract Monitoring Division (CMD) waives LBE subcontracting goals, as in the case of an emergency contract.

B. Use of Professional Services Contracts: Professional Services are those services which require the exercise of discretion and independent judgment in their performance, and/or the application of an advanced, specialized type of knowledge, expertise, or training. Examples of professional service providers include architects, engineers, software developers, and consultants. The City's Civil Service Commission must approve all Professional Services contracts. The Civil Service Commission determines whether the requested services can be performed by City employees or whether the Department can justifiably contract out the services. The Port contracts for professional services only when work cannot be performed by the Port or other City employees because of the limited nature of the work, peak workload obligations, lack of specific expertise, or as otherwise required based upon financial risk, funding or other legal requirements.

C. As-Needed Contracts: As-Needed contracts are Professional Services contracts which the Port uses for as-needed services. The Port has eleven current As-Needed contracts through Master Agreements with a total contractual value of not to exceed \$10.5 million. Master Agreements are negotiated upon Contractor pre-qualification through formal, competitive Request for Qualifications (RFQ) processes. These agreements usually have a three-year term. Master Agreements require the issuance of Contract Service Orders (CSO) for specific scopes of work for as-needed services. LBE subcontracting goals apply overall to each Master Agreement and for each CSO.

- D. Report Organization:** This report is organized into three key sections.
1. Use of Delegated Authority by the Executive Director
 2. Local Business Enterprise (LBE) Contract Awards and Participation
 3. Compliance with Local Hire Requirements

Attachment 1:	Contracts Awarded in FY 2013-14
Attachment 2:	As-Needed Contract Payments
Attachment 3:	Construction Contract Payments
Attachment 4:	Professional Services Contract Payments

1. FY 2013-14 Use of Delegated Authority by the Executive Director: \$592,687 (7 contracts)

To streamline the Port's contract approval process and to be consistent with the San Francisco Administrative Code and the practice of other City departments, the Port

total contract amount of 20 percent or more. CMD may apply LBE subcontracting goals to these contract amendments based on a review of the additional work.

Commission has delegated the following authority to the Executive Director (Resolution No. 10-60):

- Public works and improvement contracts \$400,000
- Professional services contracts \$100,000

Delegated authority allows the Port's Executive Director to execute and award public works and improvement and professional services contracts at or under the above listed threshold limits without Port Commission review and approval.

During the reporting period, the Executive Director authorized the approval of five (5) professional services contracts and two (2) construction contracts as follows:

Table 1: Contracts Executed Using Executive Director Delegated Authority

Contractor Name	LBE Status	Service	Contract Amount
Esther Reyes	LBE	Contract services support	45,000
Catharine Hooper	Non-LBE	Professional maritime services	9,999
Ralph Andersen & Associates	Non-LBE	Executive Recruitment	35,000
David Perry & Associates	Non-LBE	Public Relations and Media Services	70,000
Landis Communications	LBE	Media Consultant	25,000
JDB & Sons Construction Inc	LBE	Pedestrian Circulation Improvement	109,730
JDB & Sons Construction Inc	LBE	Pier 50 Covered Storage Shed	362,958
		Total	\$657,687

2. FY 2013-14 LBE Contract Participation: \$2.58 million, or 56% of total contract awards of \$4.58 million

Contracts Awarded in FY 2013-14

Between July 1, 2013 and June 30, 2014, the Port awarded 12 new contracts with a cumulative not-to-exceed amount of \$4.6 million. Of these 12 contracts, 7 were awarded to LBEs for a value of \$1.4 million, or 31% of the contract awards. Of these 12 contracts, four met Administrative Code 14B thresholds and include required LBE subcontracting goals between 8% and 21%. Prime contractor awards combined with LBE subcontracting goals resulted in 56% LBE awards, or \$2.58 million awarded to LBE prime contractors and subcontractors. The Port's use of micro set-asides and targeted outreach has resulted in an unprecedented share of contracting work awarded to LBEs. The chart on the next page reflects contract awards, not spending performance.

Table 2: Summary of Contracts Awarded in FY 2013-14

Project title	Contract Amount \$	LBE Subcontracting Goal \$ (%)	LBE Prime Contract Award \$	Total LBE Subcontracting Contract Award \$
Construction				
LBE applicable contracts (1)	625,547	\$50,044 (8%)	295,265	330,282
Micro-LBE contract (2)	484,455		275,724	25,116
Total Construction	1,110,002		570,989	355,398
Professional Services (6) – All 14B Exempt	469,999		355,000	0
As-Needed Environmental (3)	3,000,000	\$630,000 (21%)	510,000	790,000
Total Amount (12 Contracts)	4,580,001		1,435,989	1,145,398

Total LBE = \$2,581,387

Actual Contract Payments. In FY 2013-14, the Port made \$67.6 million of contract payments, of which 33% or \$22.5 million was to LBEs and Small Business Enterprises (SBEs).

Table 3 – Contract Payments and LBE Participation for FY 2013-14

Amount Paid Between July 1, 2013 and June 30, 2014

Contract Type	Total	LBE Primes	LBE Subs	Total LBEs	% LBE	% LBE Subs
As-Needed Contracts	\$1,568,472	\$119,772	\$484,654	\$604,426	39%	31%
Construction*	48,371,726	586,010	14,572,777	15,158,787	31%	30%
Professional Services*	263,624	36,388	68,812	105,200	40%	26%
Subtotal: 14B Contracts	\$50,203,822	\$742,169	\$15,126,243	\$15,868,412	32%	30%
Non-14B Construction	17,079,647	-	6,619,970	6,619,970	39%	39%
Non-14B Professional Services	236,447	-	1,008	1,008	0%	0%
Subtotal: Non-14B Contracts	\$17,316,094	\$0	\$6,620,978	\$6,620,978	38%	38%
Total Contract Payments	\$67,519,916	\$742,169	\$21,747,221	\$22,489,390	33%	32%

*Includes mirco set-aside contracts

For further details on contracting activities described in the above table, please see *Attachments 2, 3 and 4*.

As-Needed Contracts. The Port maintains as-needed contracts for Real Estate, Engineering and Environmental Services. The Port expended \$1.57 million on these services last year and 39 percent or \$0.6 million was paid to LBE prime contractors and subcontractors. Subcontractor payments totaled \$0.48 million or 31% of the total payments which far exceeds the CMD required goal of 23%. This stellar contract payment performance is a result of Port staff working collaboratively with CMD to identify both prime and subcontractor LBE opportunities with each Contract Service Order (CSO). Real Estate services were especially strong with 52% of dollars paid to LBEs.

Construction Contracts. The Port had major construction activities in FY 2013-14 and expended \$65.5 million on construction contracts, of which \$21.8 million or 33% was paid to LBE primes and subcontractors. This exceptional result is from working with CMD to expand the Port's micro-LBE program, to conduct concerted and targeted outreach, and from having more LBE contractors successfully compete as prime contractors and join successful bidders as subcontractors. The work the Port Commission and staff have done to expand outreach is now evidenced in our contract spending. Notably, the CMD required goals for 14B construction contracts is cumulatively 15% as compared to the Port's actual performance of 31%. All construction contracts met or exceeded the CMD required subcontracting goal except for maintenance dredging. As reported in several prior contracting reports, the 3% LBE sub contracting goal which CMD set was based on the estimated need for trucking contaminated dredge spoils for landfill disposal. However, little of the Port dredging work has required landfill disposal of the dredged spoils. Based on the locations of the planned dredging work, the Port expects that the contractor will not have the opportunity to meet the 3% goal over the life of the contract, as the Port does not expect significant contamination at the planned dredging sites.

The Port had two construction contracts not subject to the LBE program. Both contracts were with Turner Construction: one for the Federal portion of the Cruise Terminal project, and one for the Fire Repair Project at Pier 29. The Fire Repair Project was issued as an emergency contract in FY 2012-13 and the Board of Supervisors waived the LBE requirements. However, while exempt from local subcontracting goals, the Federal portion of the Cruise Terminal project included a Small Business Enterprise (SBE) program per Federal regulations and achieved 41% SBE participation in FY2013-14.

Professional Services Contracts. The Port expended \$0.5 million on professional services contracts in FY 2013-14, of which \$0.1 million were payments to LBEs. The professional services contracts that are subject to Section 14B and include a required subcontracting goal achieved 40% LBE participation. This exceptional result is due to expanding the micro LBE program and to AECOMs strong use of subcontractors in the

Crane Cove Park design project. Subcontracting performance was 30%, well out performing CMD's cumulative subcontracting goal of 23%.

As shown in Attachment 4, for the vast majority of professional service contracts, spending to subcontractor LBEs was on track or outperforming the CMD requirements at contract close-out. The only exception is the Financial Advisory Services contract. When this contract was developed and the LBE goal established, the Port anticipated the work to be performed as only the issuance of Port revenue bonds during the life of the contract. Instead, the Port relied on City Certificates of Participation to help fund America's Cup improvement projects and Phase I of the Cruise Terminal project. The Port's Financial Advisor, Public Financial Management, provided this financial analysis due to the required financial modeling expertise. The Port issued revenue bonds this last fall and utilized a strong and diverse team; however, while diverse, none were certified LBEs but they were minority firms.

In summary, the Port's contract spending in FY 2013-14 showed marked improvement in the proportion of dollars directed to LBEs from prior years. Payments to subcontractors for Section 14B contracts exceed cumulative CMD goals of 16.4%, by almost double, with 30% performance. This positive performance is a clear result of the Port Commission's engagement and direction as well as Port staff and CMD efforts which began several years ago to expand outreach and grow the micro set-aside contracting programs.

4. Compliance with Local Hire Requirements

The San Francisco Local Hiring Policy for Construction applies construction projects advertised for bid after March 25, 2011 that pertain to public works or improvements that are City funded with an engineer's estimate above \$400,000.

The Local Hire Ordinance (Section 6.22.G.4 of the San Francisco Administrative Code) requires contractors and their subcontractors to attain a minimum of 30%² total work hours by trade per project using San Francisco residents. The Ordinance also requires that 25% of apprentice hours per trade be performed by disadvantaged San Francisco residents. The program is managed by the Office of Economic and Workforce Development (OEWD).

Table 4 below shows the performance of the Port's 10 projects subject to Local Hire requirements.

² Local Hire requirements increase from 20% to 25% on applicable contracts solicited after March 2012, and to 30% after March 2013.

Table 4: Local Hire Performance for FY 2013-14**Projects subject to 20% Local Hire**

Project	% Completion	Total Work Hours			Apprentice Hours		
		Total	Local Hire	Local Hire %	Total	Local Hire	Local Hire %
Cruise Ship Terminal	94%	165,869	45,557	27%	26,242	10,718	41%
Brannan Street Wharf	100%	48,127	9,905	21%	7,005	2,171	31%
AC34 Improvements	100%	21,656	3,297	15%	3,638	980	27%
Pier 33½ Improvements	100%	13,533	6,092	45%	1,699	1,297	76%
Hyde St Harbor JOS Building	100%	12,285	2,507	20%	2,145	886	41%
Heron's Head Park	100%	10,852	2,323	21%	394	216	55%
Pier 35 North Apron	100%	4,114	2,792	68%	8	0	0%
Pier 50 Valley	100%	7,819	899	11%	355	226	64%
Roundhouse 2 HVAC	100%	545	213	39%	16	0	0%
Sub Total		284,801	73,585	26%	41,501	16,491	40%

Projects subject to 25% Local Hire

Project	% Completion	Total Work Hours			Apprentice Hours		
		Total	Local Hire	Local Hire %	Total	Local Hire	Local Hire %
Pier 23 Electrical	100%	1,370	903	66%	215	0	0%
Total		286,170	74,488	26%	41,716	16,491	40%

During FY 2013-14, Port projects provided 74,488 work hours and 16,491 apprentice hours to local residents.

Notably, the table above shows some projects below the local and apprentice hour requirements. The local hire and apprentice hours must be provided over the life of the contract, not within a fiscal year. Further, contractors are allowed to request conditional waivers and exemptions from the local hiring requirements. OEWD reviews all requested waivers. OEWD advises that Port projects are on track to meet the requirements either through hours or through accepted waivers. Port staff is working closely with OEWD to ensure that the Port's contracts are meeting their obligations under the Local Hire Ordinance.

III. CONCLUSION

In FY 2013-14, total Port contract payments totaled \$67.5 million, of which \$22.5 million was paid to LBE primes and subcontractors. This amount equates to 33% of total contract payments. For contract agreements that are subject to Section 14B, Port

payments totaled \$50.2 million, of which \$15.1 million, or 30%, was paid to LBE subcontractors. This payment performance well exceeds both the Port's performance last year (18%) and CMD's cumulative subcontracting goal of 16.4% for the Port's contract agreements with payments made in FY 2013-14.

In FY 2013-14 the Port issued 12 contracts and 7 were awarded to City-Certified Local Business Enterprises (LBEs) for a value of \$1.44 million, or 31% of the contract awards. Combined with LBE subcontracting goals, the contracts awarded in FY 2013-14 include 56% LBE participation. This contract award performance indicates that FY 2014-15 will also be a strong year for LBE participation at the Port.

Port staff is very pleased to see the results of concerted efforts from the Port Commission, Port staff and CMD to expand contracting opportunities and looks forward to continued success. Port staff thanks the Port Commission for its vision and guidance and our partners at CMD for their creativity and support.

Prepared by: Elaine Forbes, Deputy Director
Finance & Administration

cc: Contract Monitoring Division, Boris Delepine

ATTACHMENT 1: New Contracts Awarded in FY 2013-14

Project Title	Vender Name	Contract Amount	LBE Status	LBE Subcontracting Goal %	LBE Prime Contracting Amount at Time of Award	Total LBE Sub Awarded	Awarded
Construction							
1. Blue Greenway Signage Project	Cal State Constructors Inc.	625,547	LBE-OBE	8%	295,265	330,282	2nd Quarter
Total LBE applicable contracts		625,547		8%	295,265	330,282	
Construction Services Micro-LBE set-aside							
2. Pedestrian Circulation Improvement	JDB & Sons Construction Inc.	109,730	LBE-OBE	Micro	105,030		0 2nd Quarter
3. Pier 50 Storage	JDB & Sons Construction Inc.	374,725	LBE-OBE	Micro	170,694	25,116	2nd Quarter
Total Micro-LBE contract		484,455			275,724	25,116	
Total Construction		1,110,002			570,969	355,398	
Profession Services							
Professional Services Exempt							
4. Contract consulting	Esther Reyes	45,000	LBE-WBE	N/A	45,000		N/A 1st Quarter
5. Maritime Services	Calhaine Hooper	9,999	Non-LBE	N/A			2nd Quarter
6. Executive Recruitment	Ralph Andersen & Associates	35,000	Non-LBE	N/A			N/A 2nd Quarter
7. Youth Employment Program	San Francisco Conservation Corps	285,000	LBE-NPE	Waived	285,000		N/A 2nd Quarter
8. Public Relations Consultant	David Perry & Associates	70,000	Non-LBE	N/A			N/A 2nd Quarter
9. Public Relations Consultant	Lands Communications Inc.	25,000	LBE-OBE	N/A	35,000		N/A 2nd Quarter
Total Exempt Contracts		465,999			355,000		
Total Professional Services - Exempt		465,999			355,000	0.00	
As Needed Environmental and Related Professional Services							
10. As Needed Environmental	Weiss Associates	1,000,000	Non-LBE	21%		270,000	3rd Quarter
11. As Needed Environmental	SCA Environmental	1,000,000	LBE-WBE	21%	510,000	220,000	3rd Quarter
12. As Needed Environmental	Baseline Environmental	3,000,000	Non-LBE	21%		300,000	3rd Quarter
Total As-Needed Environmental		5,000,000		21%	510,000	790,000	
Total Contract		4,590,001			1,435,969	1,145,398	

ALL Contracts	
Total Amount	4,590,001
Total LBE	2,581,387
% of total	56%
% to sub	25%
% to prime LBEs	31%

ATTACHMENT 2:
As-Needed Annual Contract Service Orders, FY 2013-14
(July 1, 2013 ~June 30, 2014)

Total FY 2013-14									
As-Needed Contracts (All "A-B" Contracts)	LBE Status	Total Contract Amt.	LBE Goal %	LBE Goal Amount	Total Payments in FY	Total Non-LBE	LBE Prime Payments	LBE Sub Payments	Overall LBE %
Real Estate*									
Bay Area Economics		\$500,000	22%	\$110,000	\$117,669	\$59,560	\$0	\$57,709	49%
Selfie Consulting LBE	LBE, WBE	\$500,000	22%	\$110,000	\$3,750	\$0	\$3,750	\$0	100%
Economic Planning Systems		\$500,000	22%	\$110,000	\$154,261	\$18,428	\$0	\$85,371	55%
Keystar Nations Assoc.		\$500,000	22%	\$110,000	\$192,200	\$15,541	\$0	\$96,037	50%
Subtotal, Real Estate Services		\$2,000,000	22%	\$440,000	\$467,880	\$93,929	\$3,750	\$238,116	53%
Engineering & Related									
Creegan + D'Angelo/E E. Jordan, LBE (2013)	LBE, MBE, African-American	\$1,500,000	20%	\$300,000	\$2,106	\$2,106	\$0	\$0	0%
Creegan + D'Angelo/AGS LBE, JV (2017)	LBE, MBE, Asian	\$1,500,000	21%	\$315,000	\$28,221	\$246,789	\$27,373	\$54,000	25%
Winzer & Kelly/DE JV, LBE	LBE, MBE, Latino-American	\$1,500,000	20%	\$300,000	\$78,061	\$44,032	\$0	\$34,029	44%
URS/AGS JV, LBE	LBE, MBE, Asian	\$1,500,000	20%	\$300,000	\$0	\$0	\$0	\$0	0%
Genetics/DE JV, LBE	LBE, MBE, Asian	\$1,500,000	21%	\$315,000	\$230,159	\$138,329	\$25,150	\$68,676	41%
PG-Sinclair Inc. LBE JV	LBE, MBE, Asian	\$1,500,000	21%	\$315,000	\$207,771	\$127,519	\$43,704	\$36,548	39%
Subtotal, Engineering & Related		\$9,000,000	21%	\$1,845,000	\$146,314	\$556,775	\$96,227	\$103,312	34%
Environmental & Related									
Baseline (2010)		\$1,000,000	20%	\$200,000	\$127,943	\$0	\$0	\$9,548	7%
Baseline (2013)		\$1,000,000	22%	\$220,000	\$13,385	\$0	\$0	\$5,216	3%
SCA Environmental, LBE	LBE, MBE, Asian	\$1,000,000	22%	\$220,000	\$0	\$0	\$0	\$0	0%
Tetra Tech/MAEW, LBE JV (2010)	LBE, MBE, Asian	\$1,000,000	20%	\$200,000	\$37,666	\$6,431	\$19,765	\$11,200	63%
Weiss Associates (2010)		\$1,000,000	20%	\$200,000	\$75,285	\$36,050	\$0	\$26,182	35%
Subtotal, Environmental & Related		\$5,000,000	26%	\$1,300,000	\$254,278	\$42,489	\$19,765	\$52,226	21%
TOTAL As-Needed Contracts		\$16,000,000	23%	\$3,600,000	\$1,568,472	\$693,193	\$119,772	\$484,654	33%

Bolded Firms are City-Certified LBEs

*Port contract staff is working with project management staff to review the development of the contract service orders to ensure LBE opportunities
 **URS/AGS JV is working on several homeland security-related projects for which there is a limited number of LBEs available with the specific expertise or skills needed
 ***Port contracting and environmental staff will be meeting with Weiss Assoc. and CMO staff to review the situation and develop a strategy to get Weiss into compliance

ATTACHMENT 3:
Construction Contracts, FY 2013-14
(July 1, 2013 - June 30, 2014)

		Total FY 2013-14									
Construction Contracts	Project Title	Total Contract Amt.	LBE Goal %	LBE Goal Amount	Total Payments in FY	Total Non-LBE	LBE Prime Payments	LBE Sub Payments	Total LBE Payments	Overall LBE %	Sub LBE %
14B Contracts											
Amul Building, LBE	Pier 23 Electrical Service Upgrade	\$471,325	26%	\$122,543	\$47,027	\$0	\$7,047	\$37,020	\$44,067	100%	84%
Quira	Brannan Street Wharf Park	\$13,537,800	9%	\$1,218,402	\$960,868	\$368,119	\$110,868	\$350,568	\$462,473	54%	41%
Quira	Maintenance Dredging 2011-15***	\$4,000,000	3%	\$120,000	\$1,417,252	\$1,417,252	\$0	\$0	\$0	0%	0%
Cal State Constructors	Blue Greenway Signage	\$681,547	8%	\$54,524	\$328,934	\$25,300	\$208,134	\$194,500	\$303,634	92%	29%
Turner	Pier 27 Cruise Terminal CM/GC	\$62,780,037	17%	\$10,672,006	\$44,907,114	\$30,926,144	\$0	\$13,980,970	\$13,980,970	31%	31%
West Bay	Marine Structural Projects III	\$1,325,000	25%	\$331,250	\$300,307	\$221,474	\$0	\$78,883	\$78,883	26%	26%
	Subtotal, 14B Contracts	\$82,794,709	15%	\$12,519,327	\$47,888,651	\$32,986,625	\$327,065	\$14,842,961	\$14,870,027	31%	30%
Micro-LBE Contracts											
JOB Construction (LBE Prime)	Pier 50 Covered Storage Shed	\$374,725	N/A	N/A	\$368,970	\$224,315	\$150,538	\$28,116	\$176,655	44%	6%
	Fisherman's Wharf Triangle Lot & SWL Improvements										
JOB & Sons Construction (LBE Prime)	521 Federalian Circulation	\$105,730	N/A	N/A	\$113,105	\$0	\$108,405	\$4,700	\$113,105	100%	4%
	Subtotal Micro-LBE Contracts	\$374,725	N/A	N/A	\$513,075	\$224,315	\$268,944	\$29,816	\$298,760	56%	6%
	Subtotal, 14B Construction Contracts	\$83,170,434			\$48,371,726	\$33,212,940	\$585,010	\$14,872,777	\$15,168,787	31%	30%
Non-14B Contracts											
Turner	Pier 27 Cruise Terminal CM/GC (Federal)	\$21,007,959	N/A	N/A	\$16,282,660	\$9,662,000	\$0	\$6,619,970	\$6,619,970	41%	41%
Turner	Pier 29 Fire Damage Repair	\$13,045,985	N/A	N/A	\$796,987	\$796,987	\$0	\$0	\$0	0%	0%
	Subtotal, Non-14B Contracts	\$34,053,944	N/A	N/A	\$17,079,647	\$10,459,677	\$0	\$6,619,970	\$6,619,970	39%	39%
	TOTAL Construction Contracts	\$117,223,988	15%	\$12,519,327	\$65,451,374	\$43,672,617	\$585,010	\$21,492,747	\$21,778,757	33%	32%

Attachment 4

Total FY 2013-14



MEMORANDUM

October 9, 2014

TO: MEMBERS, PORT COMMISSION
Hon. Leslie Katz, President
Hon. Willie Adams, Vice President
Hon. Kimberly Brandon
Hon. Mel Murphy
Hon. Doreen Woo Ho

FROM: Monique Moyer *M Moyer*
Executive Director

SUBJECT: Informational presentation on proposed relocation of Teatro Zinzanni to Seawall Lots 323 and 324, at the corner of Broadway and the Embarcadero, and sponsor's request to Board of Supervisors for a sole source waiver to competitive bidding requirements

EXECUTIVE SUMMARY

In February and May 2012 the Port Commission received informational presentations on a proposed lease of a portion of Seawall Lot (SWL) 324, at the corner of Broadway and The Embarcadero to accommodate Teatro Zinzanni (Teatro), formerly located across the Embarcadero at Pier 29. Teatro was displaced to make way for the new James R. Herman Cruise Terminal.

Teatro sought broad public input on their design based on a 10 to 15 year lease of approximately half of SWL 324 with a series of temporary structures focused on their historic Spiegel tent. In order to accommodate the community's thoughtful comments on their design and compatibility with the Northeast Waterfront Historic District, Teatro has sought to expand their project adding revenue generating uses and more permanent architecture and development expertise from Kenwood Investments. With the Port Commission's acknowledgement, Teatro is prepared to seek a sole source waiver from the Board of Supervisors to construct a permanent home for their operations in conjunction with a hotel under a long term lease on the entirety of SWL 324 and 323 (see attached map). Teatro is committed to early involvement of the Port Commission and the public and at this informational presentation will present their initial development concepts for Port Commission and public comment and guidance.

THIS PRINT COVERS CALENDAR ITEM NO. 12A

BACKGROUND

Teatro is one of the Port tenants that were relocated to make way for the construction of the James R. Herman Cruise Terminal project located at Piers 27 and 29, pursuant to the Port's approved Tenant Relocation Plan. Teatro is a popular dinner theatre performed in a historic Spiegel tent, which provides a big top setting for live music, comedy and acrobatic entertainment.

In December 2011, the Port and Teatro mutually identified SWL 324, as a potential relocation site. The site is currently being operated as a surface parking lot. Currently SWL 324 is leased to Priority Parking and the site generates approximately \$1 million annually in Port rent. The Port and Teatro agreed to negotiate in good faith and seek to complete the necessary documents for a term lease on Port property at the proposed new site. Teatro would relocate the Spiegel tent, as well as construct accessory facilities for support functions including kitchen and food service, dressing rooms, lobby and storage uses.

Teatro proposed relocation to SWL 324 is contemplated in the 34th America's Cup and James R. Herman Cruise Terminal and Northeast Wharf Plaza Final Environmental Impact Report (FEIR), as required by the California Environmental Quality Act. The FEIR was certified by the Planning Commission on December 15, 2011 and upheld by the Board of Supervisors on January 24, 2012.

SWL 324 is located within the Northeast Waterfront Historic District, which was approved by the Board of Supervisors in 1972, and listed in Article 10 of the City Planning Code. To ensure that the design of the relocated venue is compatible with the architectural character of the Northeast Waterfront Historic District, the FEIR included a mitigation measure requiring Historic Preservation Commission (HPC) review. Specifically the HPC must determine whether the project design complies with Article 10, Appendix D of the City Planning Code, and the Secretary of the Interior Standards for Historic Preservation (Appendix D). This includes addressing the architectural and visual characteristics that define the historic district, including façade line continuity, fenestration and design elements for new construction, and appropriate roof treatments. The FEIR mitigation measure requirements must be satisfied prior to Port Commission action to approve the lease. In addition to this requirement, the project is also subject to review by the Waterfront Design Advisory Committee for consistency with Design and Access Element of the Port's Waterfront Land Use Plan.

An initial proposal for the relocated facilities received preliminary review by the Architectural Review Committee of the HPC in December 2011. At that time the Committee expressed concern about the consistency of the proposed design with the historic district design standards set forth in Appendix D.

In February and May 2012 the Port Commission received informational presentations on Teatro's proposed design and the conceptual business terms for the lease. Port Commissioners indicated in those hearings that a Teatro lease would need to pay base

rent in an amount sufficient to replace future SWL 324 parking revenue and allow for participation in potential financial upside in the form of percentage rent.

PROJECT EVOLUTION

From 2011 through 2013, Teatro and their design team modified the project design to respond to HPC and Port staff comments. This proposed design was presented to the Port Commission at several meetings in 2012 as well as the Port's Northeast Waterfront Advisory Group (NEWAG), and various neighborhood community groups. This design occupied approximately half of SWL 324 and featured the historic Spiegel tent as the focal point supported by a group of inter-connected non-permanent structures, including a new secondary tent to support pre and post-function and guest activities, and a number of accessory modular structures with applied facades. In order to be economically feasible with a 10 to 15 year lease, this design was based on modular, one-story accessory structures containing the lobby area, kitchen and food preparation, dressing rooms, restrooms and other support functions.

Teatro sought broad public input on this design and found that they were unable to accommodate the community's thoughtful comments on design issues as well as compatibility with the Northeast Waterfront Historic District without more permanent architecture and revenue generating uses.

In order to achieve these goals Teatro, after consultation with the Port Commission, is prepared to seek a sole source waiver from the Board of Supervisors to construct a permanent home for their operations in conjunction with a modest hotel under 40 feet in height. Teatro has teamed with Kenwood Investments, part of the Treasure Island development team to develop a proposal under a long term lease on the entirety of SWL 324 and 323. As set forth in Administrative Code Section 2.6-1, the Board of Supervisors' policy is to approve only such proposed leases involving City property or facilities that departments have awarded to the highest responsible bidder under competitive bidding procedures, except where competitive bidding is impractical or impossible. Given the Port's Tenant Relocation Plan for the Pier 27 Cruise Terminal and Teatro's unique character and history on the waterfront, Port staff believe it is reasonable for Teatro to seek a sole source waiver from the Board.

NEXT STEPS

After hearing the Port Commission's input Teatro will seek community input on their conceptual design from the Port's Northeast Waterfront Advisory Group (NEWAG) and neighborhood groups including but not limited to the Telegraph Hill Dwellers and Barbary Coast Neighborhood Associations.

Teatro will also seek the Board's sole source waiver, to allow exclusive negotiations for their proposed project without a competitive solicitation process. If the Board grants this exception to competitive bidding, Teatro and the Port will continue discussions on the

project design and economic terms. This would lead to Port Commission consideration of an Exclusive Negotiating Agreement and, if successful, a Term Sheet.

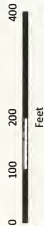
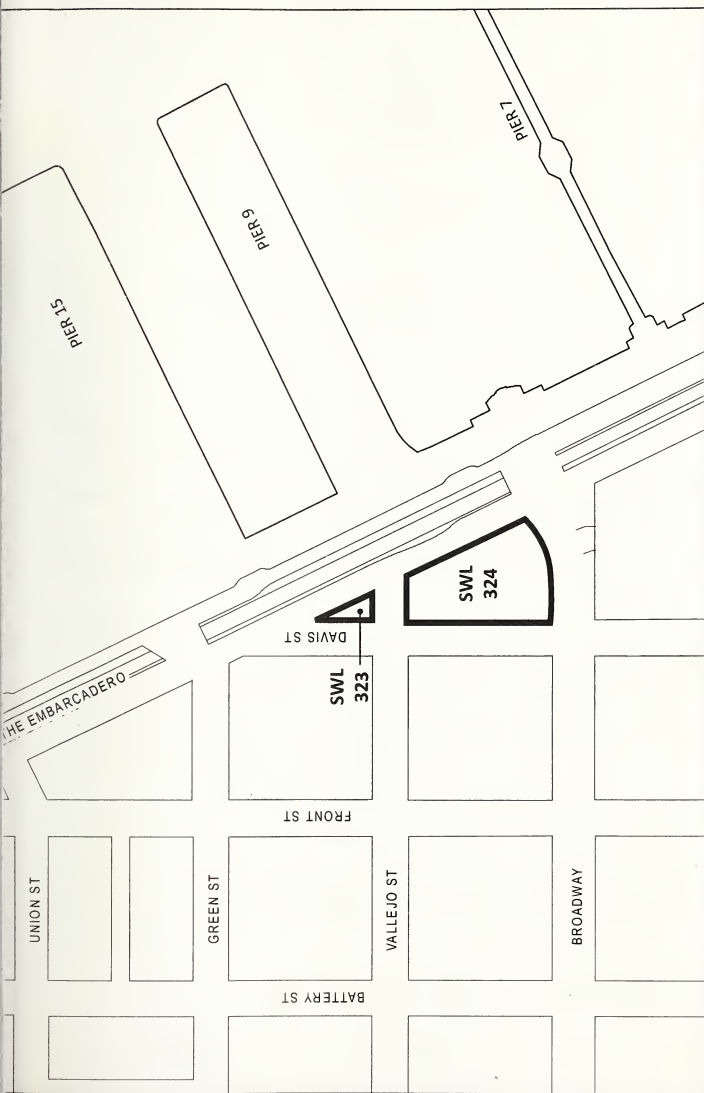
The Term Sheet, outlining key business terms, is subject to Port Commission and Board approval. It is expected that key economic terms will include base rent in an amount sufficient to replace future SWL 324 parking revenues and participation in potential financial upside in the form of percentage rent.

The project design would be refined in consultation with the NEWAG, HPC and neighborhood groups as well as being subject to review by the Waterfront Design Advisory Committee for consistency with Design and Access Element of the Port's Waterfront Land Use Plan.

Prepared by: Ricky Tijani, Development Manager
 Jonathan Stern, Asst. Dep. Dir., Waterfront Development Projects

For: Byron Rhett, Deputy Director Planning & Development

Attachment
1) Map



SEAWALL LOTS 323 AND 324

SITE LOCATION

PORT OF SAN FRANCISCO



MEMORANDUM

October 9, 2014

TO: MEMBERS, PORT COMMISSION
Hon. Leslie Katz, President
Hon. Willie Adams, Vice President
Hon. Kimberly Brandon
Hon. Mel Murphy
Hon. Doreen Woo Ho

FROM: Monique Moyer *M. Moyer*
Executive Director

SUBJECT: Request by Bay Area Air Quality Management District for Waiver of License Fees related to Five Bay Area Bike Share Stations on Port property

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

Summary

The Bay Area Air Quality Management District ("BAAQMD") and Metropolitan Transportation Commission ("MTC") launched a bike share program in San Francisco and on the Peninsula in the fall of 2013. The goal of the program is to increase access to bicycles for short trips, thereby reducing air pollution and increase mobility in the program area. Alta Bike Share Inc. manages this program on behalf of the sponsors, and has a license agreement with the Port for use of Port property for the bike share stations.

On July 9, 2013, the Port Commission granted an initial 12-month rental fee waiver for the bike share program because it was: (1) not expected to generate revenue exceeding expenses for 12 months; (2) it was expected to benefit waterfront roadway users and thereby the Public Trust; (3) it was temporary and would not use areas that would interfere or have the potential to generate revenue; and (4) the Port was not expected to spend any funds to support the program. The Bay Area Air Quality Management District ("BAAQMD") has recently requested an extension of the rental fee waiver for the bike share stations on Port property.

THIS PRINT COVERS CALENDAR ITEM NO. 12B

The current bike share station agreement has 11 months remaining. To determine if an additional fee waiver covering the remaining term is warranted, Port staff reviewed a 12-month financial summary of the program, and confirmed that it has not generated positive net revenues to date. Staff also reviewed user data for the program, which demonstrated that the stations on Port property are well used thus the bike share program constitutes a public benefit to waterfront visitors and the Public Trust. To date, the Port has not received any complaints about the program, and has spent no funds on the program apart from minor amounts of staff time. Thus, staff recommends approval of the requested rental fee waiver.

BAAQMD and the Metropolitan Transportation Commission ("MTC") along with partnering Bay Area cities are the sponsors for the bike share program in San Francisco and on the peninsula. The goal of the program is to increase access to bicycles for short trips, thereby reducing air pollution and increase mobility in the program area. Alta Bike Share Inc. manages this program on behalf of the sponsors, and has a license agreement with the Port for use of Port property for the bike share stations.

Bay Area Bike Share Program

This program includes 350 bikes and 35 bike share stations within the City of San Francisco, with five stations on Port property. Consistent with the goals of the program, the bike share stations are licensed by the Port to Alta and they are located adjacent to major transit stops and in close proximity to job centers and visitor destinations. The stations do not interfere with leasable areas, dedicated public access areas¹ or view corridors², and are spaced in compliance with the Americans with Disabilities Act regulations and the City's Better Streets Plan and Policy.

The bike share stations are modular and powered by solar energy. The stations are fully automated and dispense bikes to short-term members using credit cards or to annual members using key fobs. The average bike share station size is 6 feet by 50 feet and accommodates 19 bikes. The Port authorized six locations for bike share stations in the following locations (from north to south): (1) the Roundhouse Plaza at Sansome Street and The Embarcadero, (2) The Embarcadero sidewalk bulb-out bordering Sea Wall Lot 324 between Vallejo and Broadway Streets across from Pier 15, (3) Harry Bridges Plaza in front of the Ferry Building to the north of the main crosswalk, (4) the terminus of Steuart Street west of Howard Street at the Gap Plaza on The Embarcadero, (5) the terminus of Spear Street on The Embarcadero at Bryant Street, which is about one-half block north of Bryant Street, and (6) the Pier 40 entry plaza. The bike share station locations are shown in Exhibit A. The stations have been installed at all of the authorized locations except Pier 40 because the logistics of the bike station did not fit comfortably into the desired space while also accommodating pedestrian circulation and access to Pier 40 recreation facilities, a requirement of the Port Commission.

¹ A dedicated public access area is a physical public access to and along the shoreline of the Bay as permitted by the Bay Conservation and Development Commission. There are numerous dedicated public access areas throughout the Port's portfolio.

² A view corridor is a visual public access to the Bay from other public spaces. There are numerous view corridors throughout the Port's portfolio, particularly in the northern waterfront.

The program sponsors anticipate expanding the program if it is found that the initial program is meeting its stated goals of reducing air pollution and increasing mobility. The Program expansion would be pursued after funding becomes available and contracting and procurement can be completed. Any expansion of this program if requested by the bike share program sponsors or Alta Bike Share Inc. on Port property would be evaluated to meet the same criteria of not interfering with leasable areas, dedicated public access areas, views, or ADA clearances, as further defined in the July 13, 2013 Port staff report. The attached resolution recommends that the Executive Director be given the authority to negotiate an expansion of this program if requested by the bike share program sponsors.

License Terms & Considerations

The bike share station license terms are consistent with the Port standard license form, including standard terms regarding revocation, defaults, signs/advertising review, surrender, hazardous materials, indemnification, insurance requirements, and compliance with City, Port and Public Trust requirements. The license term is for 24 months, which started on August 19, 2013. As written in the license, the fee for the Port stations was waived for the first 12 months. For months 13-24 of the license, the agreement specified that the parties were to negotiate the fee amount, if any, and that any fee or waiver of the fee would be subject to future Port Commission approval. The agreement also specified that the Port could take into account Licensee's gross program revenues in determining the License fees for months 13-24 of the Term.

In evaluating whether an extension of the fee waiver is warranted, staff considered the following:

- The program received public funding from the MTC, BAAQMD, and local transportation agencies for a two year pilot period that totaled approximately \$11.2 million for the entire regional system.
- The pilot period started August 29, 2013, and is anticipated to end August 28, 2015 (approximately 11 months remaining).
- Program implementation costs to date are approximately \$6 million for the purchase of equipment, launch activities, and the ongoing operations and maintenance of the regional system consisting of 700 bikes and 70 stations (5 on Port property). The sponsors have intended to expand this regional system from 700 bikes to 1,000 bikes and from 70 stations to 100 stations. This expansion would add an additional 150 bikes and 15 stations in San Francisco. Any future sites on Port property would be evaluated to meet the same criteria of not interfering with leasable areas, dedicated public access areas, views, or ADA clearances.
- The monthly system revenue for the program has varied. In total, it covers approximately 86% of the program operating expenses. For the first 13 months of the program, the reported program revenue was approximately \$1.1 million and the operating expenses were approximately \$1.3 million.

- The monthly rent fee for the five stations on Port property would be about \$558 per month assuming \$0.40 per square foot for improved land and a total bike share area of 1,395.5 square feet for the five bike share stations installed on Port property.

An important consideration for this fee waiver request is also the value of the program to the Public Trust. The program usage data for the first 10 months demonstrates that the bike share stations on Port property are being heavily used and are increasing public access to San Francisco waterfront destinations. The following are highlights from this data:

- 30,258 rides originating from Port property
- 31,467 rides ending at Port property
- 4 of the top 10 San Francisco based trips involve Port stations
- 2 of the top 10 San Francisco based origin stations are Port stations
- 2 of the top 10 San Francisco based destination stations are Port stations
- 4 of the top 10 San Francisco based origin-destination pairs involve Port stations

The stations at Harry Bridges Plaza and The Embarcadero at Sansome are among the most popular and heavily used stations in the Bay Area bike share program.

There have been no recorded complaints about the program or stations on Port property. In addition, the Port Real Estate Division has not determined an alternative use for the bike share stations areas that would generate revenue. Finally, the Port has spent no funds on this program other than staff time processing the program agreements and permits, and evaluating the program benefits and financial status.

Recommendation

Port staff recommends that the Port Commission approve the attached Resolution granting a fee waiver for the second year of the bike share license agreement between the Port and Alta Bike Share Inc. This approval should be retroactive, and apply to the period between the rental waiver expiration, which was August 19, 2014 and the Port Commission approval date. In addition, since the bike share program is expected to continue past the 24-month pilot period, Port staff recommends that an additional 12 month fee waiver extension be granted for this program until August 19, 2016 if the following conditions are met: (1) a financial summary of the program is provided including monthly operating expenses and revenue; (2) this summary demonstrates the program is not generating revenue beyond expenses; (3) the program continues to generate a benefit to the Public Trust; (4) the program stations do not interfere with revenue generating opportunities; and (5) the program does not require the use of Public Trust funds.

Prepared by: Kanya Dorland, Planner, Planning & Development

For: Byron Rhett, Deputy Director, Planning & Development

Attachments

A. Port Bike Share Locations

B. July 2013, Port Staff Report requesting approval for the Port Bike Share Agreements

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 14-54

- WHEREAS, Section B3.581 of the Charter of City and County of San Francisco empowers the Port Commission with the power and authority and duty to use, conduct, operate, maintain, manage, regulate and control the Port area(s) of the City and County of San Francisco; and
- WHEREAS, In cooperation with the Bay Area Air Quality Management District, the Metropolitan Transportation Commission, and San Francisco Municipal Transportation Agency (MTA), the Port entered into a License with the selected bike share operator, Alta Bicycle Share Inc. ("Licensee"), to operate bike share stations on the waterfront; and entered into a Memorandum of Understanding ("MOU") with MTA covering the bike share program; and
- WHEREAS, The License identified six initial bicycle share stations that comply with the Port's location criteria, regulatory requirements (including Bay Conservation Development Commission public access areas and view corridors), and the Americans with Disabilities Act street furniture spacing and circulation requirements; and
- WHEREAS, The License term is for 24 months, and includes a fee waiver for the first 12 months because the program was: (1) not expected to generate revenue exceeding expenses for 12 months, (2) was expected to benefit, waterfront roadway users and thereby the Public Trust, (3) is temporary, (4) would not use areas that would interfere with or have the potential to generate revenue, and (5) the Port was not expected to spend any funds to support the program; and
- WHEREAS, The Bay Area Air Quality Management District ("BAAQMD") has recently requested an extension of the rental fee waiver for the bike share stations on Port property; and
- WHEREAS, A fee waiver should be extended for the second year of the program because the program continues to (1) not generate revenue exceeding expenses, (2) it benefits the Public Trust, (3) it is temporary until the sponsors seek an extension of the program beyond 24 months, and (4) the Port has not spent any funds on the program or determined alternative uses for the station areas; now therefore be it
- RESOLVED, That the Port Commission authorizes the Executive Director or her designee to amend the License to allow for a retroactive fee waiver for the remainder of the bike share pilot period, which is 12 months ending on August 19, 2015; and be it further

- RESOLVED, That the Port Commission authorizes the Executive Director or her designee to revise the bike share station License to reflect the current bike share stations in use, and the new occupied square footage; and be it further
- RESOLVED, That the Port Commission authorizes the Executive Director or her designee to negotiate an expansion of this program if requested by the bike share program sponsors or Alta Bike Share Inc. on Port property with up to five additional stations or station changes as long as the new or changed station locations meet the Port location criterion outlined in the July 13, 2013 Port staff report, which is attached as Exhibit B; and be it further
- RESOLVED, That the Port Commission authorizes the Executive Director or her designee to grant a rental fee waiver extension for the use of Port property for an additional 12 months for this program until August 19, 2016, should it be requested in writing by the bike share sponsors or Alta Bike Share Inc. and 30-days before the expiration of the license term, and the following conditions are met: (1) a financial summary of the program is provided including monthly operating expenses and revenue; (2) this summary demonstrates the program is not generating revenue beyond expenses; (3) the program continues to generate a benefit to the Public Trust; (4) the program stations do not interfere with revenue generating opportunities; and (5) the program does not require the use of Public Trust funds.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of October 14, 2014.

Secretary

PORT OF SAN FRANCISCO BIKE SHARE STATIONS

★ Station Locations

★ Round House Plaza

★ Embarcadero between Green St
& Union St @ SWL21

★ Harry Bridges Plaza

★ Embarcadero & Stuart

★ Embarcadero & Spear



EXHIBIT B

MEMORANDUM

July 3, 2013

TO: MEMBERS, PORT COMMISSION
Hon. Doreen Woo Ho, President
Hon. Kimberly Brandon, Vice President
Hon. Willie Adams
Hon. Leslie Katz
Hon. Mel Murphy

FROM: Monique Moyer *MMoyer*
Executive Director

SUBJECT: Request Approval (1) to enter into a Memorandum of Understanding M-15112 ("MOU") with the San Francisco Municipal Transportation Agency ("MTA") and (2) of a Fee Waiver for a 12-month period under a 24-month License to Use Property Number 15684 ("License") with Alta Bike Share ("Alta"), the regional bike share program operator ("Licensee") for Port waterfront locations for the purpose of operating a Bike Share Pilot Program

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

Executive Summary

The Bay Area Air Quality Management District ("BAAQMD") and Metropolitan Transportation Commission ("MTC") are launching a bike share program in San Francisco and on the Peninsula with the goal of reducing air pollution and increasing mobility. This bike share program will include 500 bikes and 50 bike share stations within the City of San Francisco, with six of these bike share stations housed on Port property. The BAAQMD and the other local partner program agencies and cities, including the San Francisco Municipal Transportation Agency ("MTA"), will co-manage this bike share program. Placement of bike share stations on Port property will be governed through an agreement between the Port and the selected bike share operator, Alta Bicycle Share Inc. ("Alta"). In addition, the Port will enter into a Memorandum of Understanding with the MTA that identifies the MTA as the point of contact for the program, and the responsible party for addressing any issues that may arise related to the program and/or stations. This staff report further explains the Bay Area bike share program, station location criteria and mentioned agreements, and seeks the Port Commission authorization to enter into these mentioned agreements.

THIS PRINT COVERS CALENDAR ITEM NO. 11B

Background

The Port Commission previously reviewed the proposed Bike Share Program as an informational item at its September 27, 2011 meeting, and the proposed stations on Port property and associated agreements are now before the Port Commission for approval.

In the Bay Area, the transportation sector accounts for more than 50 percent of the air pollution. In an attempt to reduce the air pollution produced by the transportation sector, the BAAQMD with funding from the MTC, its own Transportation Fund for Clean Air, and local partner agencies, is launching a regional bicycle sharing pilot program. This program will deploy 1,000 bicycles at up to 100 stations along the Peninsula transportation corridor with 500 of the program bicycles in San Francisco. The program objective is to determine if providing shared bicycles adjacent to transit stops and in close proximity to job centers would reduce single-occupancy vehicle travel and thereby reduce greenhouse gas emissions in the region.

The proposed San Francisco bike share operation area includes the Market Street Corridor, South of Market, the Financial District, Mission Bay and the Waterfront. This area is notably flat, has the city's densest bikeway network coverage and enjoys the highest levels of cycling, yet those who commute by transit from cities to the East and South Bay encounter difficulties bringing a bicycle with them on BART or Caltrain. This program would address this difficulty by providing a membership-based system of short-term bicycle rentals that would allow members to check a bicycle out from a network of bicycle stations, ride to their destination, and return the bicycle to a different station. Many cities in the United States, Europe and Canada operate bike sharing programs today, and this program is modeled after the successful ones.

Port Location Criteria and Proposed Sites

To support the goals of this program, the proposed bike share stations along the waterfront link major transit stops with job centers and other destinations. To accommodate existing Port operations and agreements, these stations avoid leasable areas, dedicated public access areas¹, and view corridors², and are spaced in compliance with the Americans with Disability Act regulations, and the City's Better Streets Plan and Policy. The proposed bike share stations will be modular and powered by solar and battery, requiring no excavation, improvements or external hookups for installation or operation. The stations are fully automated and will dispense bikes to short-term members using credit cards or to annual members using key fobs. The average bike share station size would be 6 feet by 50 feet and would accommodate 19 bikes. The Port identified six locations for bike share stations which are (from north to south): (1) the Roundhouse Plaza at Sansome Street and The Embarcadero, (2) The Embarcadero sidewalk bulb-out bordering Sea Wall Lot 324 between Vallejo and Broadway Streets across from Pier 15, (3) Harry Bridges Plaza in

¹ A dedicated public access area is a physical public access to and along the shoreline of the Bay as permitted by the Bay Conservation and Development Commission. There are numerous dedicated public access areas throughout the Port's portfolio.

² A view corridor is a visual public access to the Bay from other public spaces. There are numerous view corridors throughout the Port's portfolio, particularly in the northern waterfront.

front of the Ferry Building to the north of the main crosswalk, (4) the terminus of Steuart Street west of Howard Street at the Gap Plaza on The Embarcadero, (5) the terminus of Spear Street on The Embarcadero at Bryant Street, which is about one-half block north of Bryant Street, and (6) the Pier 40 entry plaza. The bike share station location graphics are provided in the attachment to this memorandum and referred to as Exhibit A.

License to Use Property Terms

BAAQMD selected the Bay Area bike share operator, Alta, through a Request for Proposals process. In February of this year, BAAQMD signed an agreement for Alta to operate the bay area bike share program. To authorize the proposed bike share stations, the Port will enter into a License with Alta and the MTA for the identified station locations described above. Except for the terms described below, the License will be consistent with the Port standard license form, including standard terms regarding revocation, defaults, signs/advertising review, surrender, hazardous materials, indemnification, insurance requirements, and compliance with City, Port and Trust requirements.

Term: The license would be issued by the Port to Alta for a term of twenty-four months, unless terminated earlier by either party. This pilot project would operate for at least twelve months and may extend another twelve months before final evaluation.

Fee: The MTA has requested that the Port waive all fees for the proposed six stations on Port property for the first 12-months of the pilot program. Port staff agrees with this waiver request for the following reasons: (1) The bike share program is not expected to generate revenue for 12 months; (2) The program is expected to increase mobility in the program area and would thus be a benefit to waterfront visitors and the Public Trust; (3) The program's 12-month pilot period can be considered temporary, (4) There are no other uses for proposed spaces that would generate revenue to the Port and no other uses would be displaced; and (5) The Port would not be asked to expend any resources or revenues to support the program. In addition to reducing greenhouse gases, this program should also provide traffic and transit relief along the waterfront, which would have a benefit to all waterfront visitors. Through the proposed License, BAAQMD and Alta Bicycle Share, the selected bike share operator, would share monthly reports with the Port staff prepared in compliance with the operator's contract with BAAQMD, including revenue and expense statements for the San Francisco bike share program. At the conclusion of the pilot period, the fee for months 13-24 will be established by Port staff based on the then effective Port Commission approved parameter rents for similar spaces. Based on the information provided regarding revenues, Port staff may additionally require a revenue sharing or percentage rent component.

Bike Share Pricing: This would be targeted at commuters and would be different from bike rental pricing, which is targeted at visitors. To ensure a pricing difference, a non-compete provision is included in the License that explicitly prohibits the Licensee from offering bicycles at a price that competes with waterfront bike rentals.

Demand Flexibility: There may be a need to increase or decrease the number of bicycles at a given bike share station to meet the program demand once the stations are in place. The agreement allows for increasing or decreasing the capacity of the stations based on the reported demand if the station increases do not interfere with existing operations and are consistent with the stated location criteria. In addition, the Licensee, with Port consent, may add new stations during the license term for special events such as the 34th America's Cup races.

Memorandum of Understanding with MTA

In order to ensure proper implementation and management of the program and to minimize the Port's potential liabilities in connection with this program, Port and MTA have agreed to the terms of a Memorandum of Understanding ("MOU"). This MOU is co-terminus with the License and provides that: (1) the MTA will serve as the main point of contact for the bike share stations, and (2) the MTA will be responsible for liabilities and damages incurred by the Port that are not otherwise covered by the License. In addition, the MTA has agreed to provide a \$10,000 cash security deposit on behalf of Alta. This MOU has a termination provision that allows the Port to terminate the MOU and bike share program license if the obligations under the MOU are not fulfilled.

Regulatory Approvals

The proposed Bay Area regional bike sharing pilot program is subject to environmental review under the California Environmental Quality Act ("CEQA"). The Department of City Planning has determined that the project is categorically exempt from environmental review under Class 6 or Section 15306 covering information collection. Pursuant to CEQA regulations, the bike sharing program has been exempted from further environmental review since the program will collect information about transit usage, and qualifies as a pilot. Furthermore, the proposed stations do not require permanent changes to the station areas for operation, they will be in place for a designated period, and the project will be evaluated for effectiveness and impact. The program in its entirety qualifies as a pilot project of limited duration and scale pursuant to California Public Resources Code section 21084 and Title 14 of the California Code of Regulations Section 15306. This CEQA determination is on file with the Secretary to the MTA.

With respect to other regulatory requirements, Port staff presented the proposed program scope and stations on Port property to Bay Conservation and Development Commission ("BCDC") regulatory staff. BCDC staff is supportive of the program and the identified locations on Port property.

RECOMMENDATION

Port staff recommends that the Port Commission approve the attached Resolution approving the Memorandum of Understanding No. M-15112 with the San Francisco Municipal Transportation Agency and the License to Use Property No. 15684 with the selected Bike Share Program Operator, Alta Bicycle Share Inc., for a total term of 24 months, with a fee waiver for the initial 12 months, and on such additional terms and conditions as described in this Memorandum.

Prepared by: Kanya Dorland, Planner, Planning & Development

For: Byron Rhett, Deputy Director, Planning & Development

Attachments

Attachment A - SF Bike Share Locations

Attachment B - Port Bike Share Locations

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 13-26


- WHEREAS, Section 83.581 of the Charter of City and County of San Francisco empowers the Port Commission with the power and authority and duty to use, conduct, operate, maintain, manage, regulate and control the Port area(s) of the City and County of San Francisco; and
- WHEREAS, In cooperation with the Bay Area Air Quality Management District, the Metropolitan Transportation Commission, and San Francisco Municipal Transportation Agency (MTA), the Port proposes to enter into a License with the selected bike share operator, Alta Bicycle Share Inc. ("Licensee"), to operate bike share stations on the waterfront; and to enter into a Memorandum of Understanding ("MOU") with MTA covering the bike share program; and
- WHEREAS, The License identifies six initial bicycle share stations that comply with the Port's location criteria, regulatory requirements (including Bay Conservation Development Commission public access areas and view corridors), and the Americans with Disabilities Act street furniture spacing and circulation requirements; and
- WHEREAS, The License term is for a period of 24 months, and includes a fee waiver for the first 12 months because the program is: (1) not expected to generate revenue exceeding expenses for 12 months, (2) is expected to benefit, waterfront roadway users and thereby the Public Trust, (3) is temporary, (4) will not use areas that will interfere with or have the potential to generate revenue, and (5) the Port is not expected to spend any funds to support the program; and
- WHEREAS, Port staff will establish a base fee and possibly a revenue sharing fee for months 13-24; and
- WHEREAS, The proposed MOU requires MTA to be the main point of contact for the License and be responsible for potential liabilities of the Port arising from the program that are not otherwise covered by the License and to provide a security deposit on behalf of the Licensee; and
- WHEREAS, Port staff may adjust the number of stations and the size of the stations through an amendment of the License if the changes comply with the Port's station location criteria and subject to any necessary regulatory approvals; and

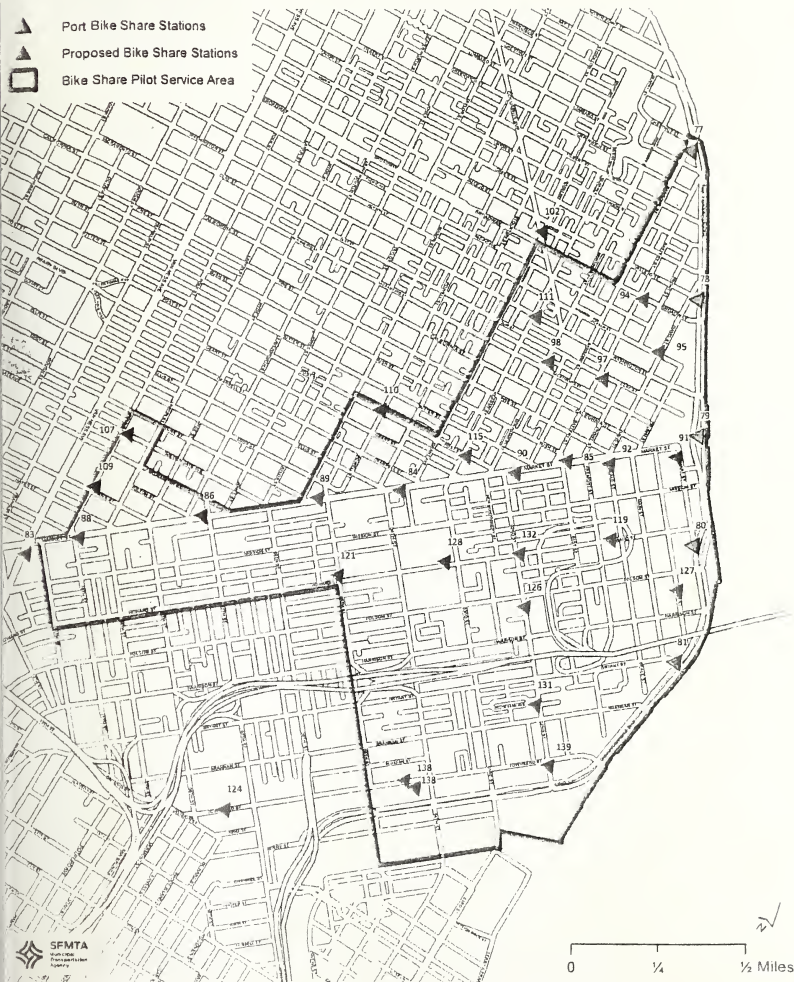
- WHEREAS, The San Francisco Planning Department, Environmental Planning Division issued a Class 6 categorical exemption from environmental review under Section 15306 covering information collection; now therefore be it
- RESOLVED, The Port Commission approves the Memorandum of Understanding between the Port and MTA as described in this Memorandum and authorizes the Executive Director or her designee to execute MOU M-15112; and be it further
- RESOLVED, That the Port Commission authorizes the Executive Director or her designee to execute the License on the terms and conditions set forth in this Memorandum including the 12 month fee waiver; and be it further
- RESOLVED, That the Port Commission authorizes the Executive Director or her designee to enter into any addition, amendment or other modifications to the License, including adjusting the number of stations and the size of the stations that the Executive Director, in consultation with the City Attorney, determines are in the best interest of the Port, do not materially increase the obligations or liability of the City or Port or materially decrease the benefits of the City or Port and are necessary or advisable to complete the transactions which the License contemplates and effectuate the purpose and intent of this Resolution, such determination to be conclusively evidenced by the execution and delivery by the Executive Director or her designee of the License and any amendments thereto.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of July 9, 2013.

Secretary

San Francisco Bike Share Stations

-  Port Bike Share Stations
-  Proposed Bike Share Stations
-  Bike Share Pilot Service Area



LEGEND

- LIGHT POST
- MANHOLE
- POINT OF BEGINNING
- TREE PIT
- PARCEL LINE
- FENCE
- CURB
- PLANTER
- BOLLARD

VERTICAL DIMENSIONS TYPED
HORIZONTAL DIMENSIONS SCALED
MEASUREMENTS



GENERAL INFO



STATION TYPE	SIDEWALK	DATE	05 24 2013
PLATES	8	MAP FRAME	1
DOCS	24	CITY SAN FRANCISCO	NOTES
OWNER	1	DPW	FILE
		60972-001	

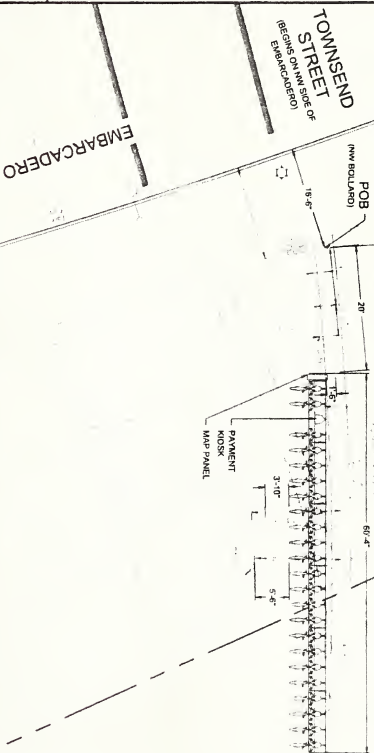
DESIGNED BY	BH
DRAWN BY	BH
REVIEWED BY	AM/LW

APPROVALS

SIGNED	DATE

EMBARCADERO
AT TOWNSEND ST
BAY AREA BIKE SHARE

00862



LEGEND

- LIGHT POST
- POINT OF BEGINNING
- TREE PIT
- PARCEL LINE
- CURB

GIVEN DIMENSIONS TAKE
PRECEDENCE OVER SCALED
MEASUREMENTS



alta

PLANNING • DESIGN
www.altaplanning.com

GENERAL INFO

STATION TYPE	OFF STREET	DATE
PLATES	5 MAP FRAME	1
DOCKS	19 CITY	5F NOTES
MOCKS	1 OWNER PORT ALTH	FILE
		0000_1002

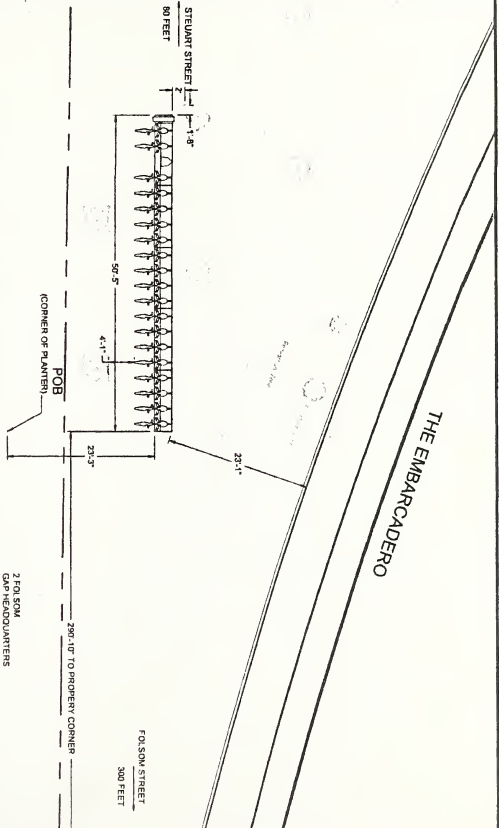
APPROVALS

DESIGNED BY	AP	SIGNED	DATE
DRAWN BY	AP		
REVIEWED BY	AW		

**EMBARCADERO
AT FOLSOM ST**

BAY AREA BIKE SHARE

0080



LEGEND

LIGHT POST
POINT OF
BEGINNING
CURB

GENERAL DIMENSIONS TAKE
FROM THE CENTERLINE
MEASUREMENTS

0 5 10 15 20 25

alta

PLANNING • DESIGN
www.altaengineering.com

GENERAL INFO

STATION TYPE	OFF STREET	DATE
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DOCKS	23	05.10.2013
MOCKS	1	0079_1002
OWNER	PORT AUTH	FILE

APPROVALS

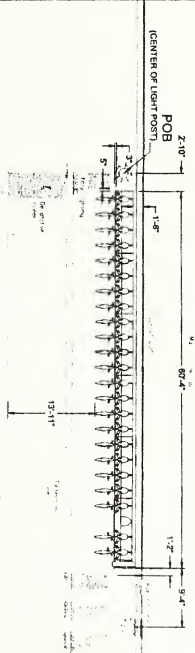
SIGNED DATE

HARRY BRIDGES
PLAZA

BAY AREA BIKE SHARE

00079

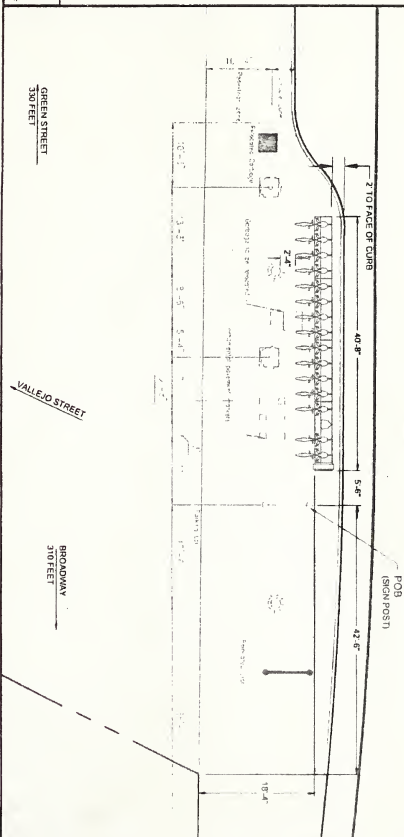
18' 0" 0"



LEGEND

- CURB CUT
- LIGHT POST
- POINT OF BEGINNING
- TREE PIT
- PARCEL LINE
- SIGNPOLE
- CURB

THE EMBARCADERO



GREEN STREET
330 FEET

VALLEJO STREET

BROADWAY
310 FEET

GREEN DIMENSIONS TAKE
PRECEDENCE OVER SCALED
MEASUREMENTS

alta

GENERAL INFO

STATION TYPE	DATE	DESIGNED BY	SIGNED	DATE
4	05/10/2013	SM		
PLATES	1	REVISED		
DOCKS	15	CITY SAN FRANCISCO		
PROS/VS	1	OWNER		
		DPW		
		FILE		
				0078_0001

APPROVALS

SIGNED	DATE

EMBARCADERO AT VALLEJO

BAY AREA BIKE SHARE

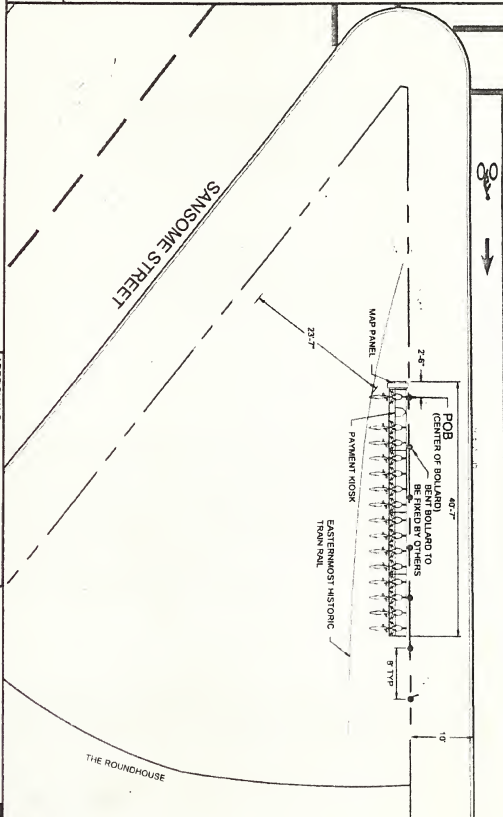
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GENERAL INFO			
STATION TYPE	PLAZA	DATE	05.01.2013
PLATES	4	DESIGNED BY	MS&B
DOCKS	15	REVIEWED BY	BR
KIOSKS	1	OWNER	PORT AUTH
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APPROVALS

SIGNED

DATE

EMBARCADERO
AT SANSOME ST

BAY AREA BIKE SHARE

0077



SAN FRANCISCO PORT COMMISSION

**OCTOBER 14, 2014
MINUTES OF THE MEETING**

MEMBERS, PORT COMMISSION

HON. LESLIE KATZ, PRESIDENT

HON. WILLIE ADAMS, VICE PRESIDENT

HON. KIMBERLY BRANDON

HON. MEL MURPHY

HON. DOREEN WOO HO

GOVERNMENT
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MONIQUE MOYER, EXECUTIVE DIRECTOR

AMY QUESADA, COMMISSION SECRETARY

CITY & COUNTY OF SAN FRANCISCO PORT COMMISSION

MINUTES OF THE MEETING OCTOBER 14, 2014

1. CALL TO ORDER / ROLL CALL

Port Commission President Leslie Katz called the meeting to order at 2:03 p.m. The following Commissioners were present: Leslie Katz, Willie Adams, Mel Murphy and Doreen Woo Ho. Commissioner Kimberly Brandon was on a business trip.

2. APPROVAL OF MINUTES – September 23, 2014

ACTION: Commissioner Woo Ho moved approval; Commissioner Adams seconded the motion. All of the Commissioners were in favor; the minutes of the September 23, 2014 meeting were adopted.

3. PUBLIC COMMENT ON EXECUTIVE SESSION

4. EXECUTIVE SESSION

A. Vote on whether to hold closed session.

ACTION: Commissioner Woo Ho moved approval; Commissioner Adams seconded the motion. All of the Commissioners were in favor.

At 2:04 p.m., the Commission withdrew to executive session to discuss the following:

- (1) CONFERENCE WITH LEGAL COUNSEL AND REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8. *This session is closed to any non-City/Port representative:

- a. Property: Shipyard, located on Pier 70 near Illinois and 20th Streets
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning and Development; Peter Dailey, Deputy Director, Maritime; Ricky Tijani, Project Manager, Planning and Development; Gerry Roybal, Marketing Manager, Maritime
*Negotiating Parties: BAE Systems San Francisco Ship Repair, Inc., a California corporation; William Dunbar, General Manager

- (2) Discussion of Executive Director's Performance Evaluation for Fiscal Year 2013-14 pursuant to Section 67.10(b) of the Administrative Code and Section 54957(b) of the California Government Code.

5. RECONVENE IN OPEN SESSION

At 3:50 p.m., the Commission withdrew from closed session and reconvened in open session.

ACTION: Commissioner Woo Ho moved approval to recess closed session and reconvene in open session; Commissioner Adams seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Woo Ho moved approval to not disclose any information discussed in closed session; Commissioner Adams seconded the motion. All of the Commissioners were in favor.

6. PLEDGE OF ALLEGIANCE

7. ANNOUNCEMENTS – The Port Commission Secretary announced the following:

- A. Announcement of Prohibition of Sound Producing Electronic Devices during the Meeting: Please be advised that the ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing of or use of a cell phone, pager, or other similar sound-producing electronic device.
- B. Announcement of Time Allotment for Public Comments: Please be advised that a member of the public has up to three minutes to make pertinent public comments on each agenda item unless the Port Commission adopts a shorter period on any item.

8. PUBLIC COMMENT ON ITEMS NOT LISTED ON THE AGENDA

9. EXECUTIVE

A. Executive Director's Report

Monique Moyer - Thank you for the outstanding turnout. Sorry for the technical difficulties today of all days. First and foremost, go Giants! Everybody has their good karma, not a lot of orange in the room. Hopefully those of you who have your orange have good luck and those of you who don't have your orange, Darius, are not bad luck for the rest of us otherwise we know where to find you.

- Commissioning of *USS America* at Piers 30/32 – October 11, 2014

We came off of an astounding week for Fleet Week, crowned by the commissioning of the *USS America*. We had a number of vessels in for Fleet Week and the return of the parade of ships. There were three Navy

ships, a Coast Guard vessel, three Canadian naval vessels, and, of course, the USS America.

The Fleet Week Committee indicated there were 30,000 visitors, 19,000 of which visited the USS America alone. So it was a pretty stunning, long weekend, with the return of the air show, including the Blue Angels. They weren't able to fly Thursday and Friday because of the low visibility but were able to do so on Saturday and Sunday, which was spectacular.

On Saturday, San Francisco was very proud to host the commissioning of the USS America. This is the third Navy ship named America. The first Navy ship named America you're very familiar with. She was a racing schooner built in 1851. She is the vessel for which the America's Cup is named. After her debut as a racing vessel, she was eventually purchased by the U.S. Navy, and she used to stop blockade runners for quite a while.

The USS America that the Navy commissioned here on Saturday was the third such vessel. She is an amphibian assault vessel, formerly known as an aircraft carrier. She carries more aircraft than any other vessel has carried before. She has nine landing launching spots, two aircraft elevators so the aircraft can be housed on multiple decks.

She also is built for humanitarian aid and assistance. She has two operating rooms, an ICU, 23-bed ward, and two dental rooms. She is run by 65 officers, 900 enlisted, and 1,600 Marines. She carries both Navy personnel and Marine Corp personnel.

She was quite an amazing ship to see. The commissioning ceremony was really terrific. It was fun to see all the family members whose sons, daughters, wives, husbands were going off to be stationed with the ship. She is home birthed in the Port of San Diego.

I would like to recognize the commissioning committee, which was a volunteer group of 30 volunteers. Four of them are real admirals. Four of them are commanders. One is a colonel, Alan Cruz, who is Nate Cruz's father, is a colonel in the Marine Corps. Ten are captains. Eleven were civilians, including our own Tom Creedon from Scoma's restaurant, Michael Nerney, Sidonie Sansom, and Renee Dunn Martin from the port itself.

They worked tirelessly for almost a year to make this event happen, from fundraising the events all the way through making sure there was ample security and access for the public.

While the vessel was here, their personnel visited four San Francisco schools, Burton High School on Mansell, Bessie Carmichael Middle School on 7th Street, Martin Luther King Middle School on Girard, and

George Washington Carver Elementary on Oakdale. They were able to get out and integrate with the community. They went out on the town and walked up and down the Embarcadero. They were incredibly well welcomed.

As part of Fleet Week, there is a two-day seminar on humanitarian assistance and aid, in which the admirals of all the military branches that cover the West Coast plus a number of other agencies such as all the city first responders, the various ports, FEMA, EPA, etc.

We had very good meetings on resiliency and the ability to respond. What we can expect that the Navy might be able to do in the event of a response and how to best communicate through the various channels to get what we need. It was one of the better ones I've ever been to.

We also had a really fun event here at the Ferry Building, which was called the Pictorial Postmark Event. It was where the Fleet Week and Marines Memorial sold stamped envelopes of the ship. I want to thank Jane Connors particularly of the Ferry Building. It was a ridiculously hot day. She kindly encouraged all of them to come into the building and set up shop, which is usually a no-no. She was really great at doing that for them. They sold a lot of souvenir stamps through the post office together.

The USS America commissioning was a great success. Fleet Week, of course, was chaired by Retired General Michael Myatt of the Marine Corps. The honorable co-chairs were Secretary George Schultz, and Senator Diane Feinstein, both of whom attended a number of events. They're a very robust board with a lot of work done by Rear Admiral retired Jody Breckenridge and Lewis Loeven.

The city's Department of Emergency Management played a huge role. The mayor's office played a role. MTA, DPW Rec. Park, Police, Fire, and Department of Building Inspection, to name just a few of the departments that were involved. Then there was a plethora of port staff.

At least a dozen who were here for all of the days - Denise Turner, Demetri Amaro, Jay Edwards, Rip Malloy, Sidonie Sansom, John Davey, Aaron Golbus, Anita Yao, Peter Dailey, Tim Felton, and many of the maintenance crews. I know I left people off so please forgive me.

It was a tremendous effort. It was great to have everybody back at the waterfront. For all intense purposes, things went pretty smoothly, a lot smoother than downtown where the president was visiting so we were very proud of that.

- Downtown Ferry Terminal Expansion Project EIR – Certified by the Water Emergency Transit Authority Board

As you probably recall, in September 2013, Port staff and the Water Emergency Transit Authority staff, made a presentation about phase two of the Downtown Ferry Terminal Project. This project has been in the planning stages and implementation stages since the 1990s. It was part of the Ferry Building planning area that happened a little before the Waterfront Land Use Plan was completed. The port moved forward with phase one and built the couple of terminals that are here in 2003, which resulted in gates B and E, which are used today for WETA landings for Vallejo and Alameda.

Phase two, which WETA is undertaking, will add up to three new ferry gates, landside pedestrian circulation, weather protection for passengers, and importantly the covering of the lagoon on the South side of the Ferry Building, so that we have a place to stage people in the event of an emergency while they wait for the ferries.

We saw how important that was during the BART strikes, while the ferry passengers were lined up way down the Embarcadero almost to Howard Street. This would give them a better place to wait. It will also allow us to service Richmond, Berkeley, and Treasure Island.

A very big milestone was reached earlier on October 2, 2014. The Water Emergency Transit Authority certified the EIR. They are the lead agency under the California Environmental Quality Act. The FTA had already certified the EIS, which is the document that is part of the federal NEPA, National Environmental Policy Act.

I want to thank all of the WETA staff, particularly Mike Gougherty, project manager and Kevin Connolly who made the presentation to you some time ago. There'll be a lot of next steps. We need to finish with our negotiations and bring forward a lease or a license to the commission for approval as well as get a BCDC permit and some other port permits.

If all goes well, we hope to be under construction by end of 2015, early 2016. We'll be seeing the commission a lot as we being our negotiations or conclude our negotiations with WETA on that.

- Arrival of *M.V. Tern* for pickup of Drydock #1

For a very long time, we have been trying to dispose of Drydock #1. Drydock #1 is extremely old. It has had a lot of great lifetime, but it also was built in a time when the environmental standards were less than they are today. Right now, the best option for disposing of Drydock #1 is through salvage. Daley Dunham, in particular, have worked very hard to arrange for the drydock to be sold for scrap. Today, the *MV Tern* arrived at Anchorage 9. Coincidentally, she works a lot like a drydock.

The middle part of the vessel lowers into the bay. In the picture, you can see the submarine and she can carry the strange stock, if you will. This is where the middle is submerged. The submarine is going on board. Then the middle comes back up and lifts the cargo and carries the cargo away. It carries things like the container cranes that are over in Oakland or the great crane that was brought in for the building of the Bay Bridge, which is now on the East Coast for a similar project.

The MV TERN will be here for the next couple of days. We're hoping she can lift the drydock, if not over the weekend, by next Monday. Once the drydock is all the way out of the water, looking more like that, then they own the drydock. The port's role in it is finished. That's a very good liability protection or mitigation for the Port.

The drydock will be transported to a salvage yard outside of Shanghai, which is a certified environmental salvage yard. The port has retained a consultant to make sure all of the policies and practices that we would like to see are adhered to. You should be able to see this ship hanging around for the next couple of days. Don't be alarmed if you see it leaving with some weird looking appendage off of it. That will be drydock #1.

B. Commissioners' Report

- Delegate Peter Dailey, Deputy Director of Maritime, to represent the Port at the American Association of Port Authorities Annual Convention in Houston, Texas, on November 9-13, 2014

Commissioner Katz - This is a four-day long annual convention of the American Association of Port Authorities. It's the largest membership meeting of the year and includes tactical and policy committee meetings, business sessions, networking opportunities for other port professionals and others in the marine transportation industry. Port representatives from all over the United States, Latin America, and Canada will be attending. The Port Commission would like to delegate Peter Dailey, the Deputy Director of Maritime to represent the Port of San Francisco at the American Association of Port Authorities Annual Convention in Houston, Texas, from November 9 to 13, 2014. He'll represent the port at the Pacific Port Caucus Cruise Committee. He'll also cast the port's vote at the general meeting.

This is an opportune time for Mr. Dailey to visit with other senior executives at various ports and cruise lines to update them on how we have the most spectacular cruise terminal in the area and let them know about the opening of the James R. Herman Cruise Terminal at Pier 27. We'll be delegating and approving Peter Dailey as our representative to attend this conference.

Commissioner Adams - I support Peter Dailey representing the Port at the AAPA conference. On another matter, I would like to apprise my fellow commissioners and the public that when the Star Princess, the first cruise call at the new cruise terminal, was in, it didn't turn out too well. Director Moyer got some very nasty emails. The first ship that came into the new James Herman Cruise Terminal was six hours late leaving. Some people missed their ports of call. I find that highly unacceptable. I also know there were some bugs needed to be worked out.

So on Saturday, October 11, 2014, when Star Princess was in, I went down and spent four hours at the terminal. I talked to my union ILWU, to Metro Cruises, the Port of San Francisco and Princess Line. I wanted to know what steps had been taken so that people coming off the ship have a friendly experience in San Francisco and we get people on and off the ship quickly and efficiently. That day, 2,500 people got off. 2,500 people got on without any incident at all. Because we're trying to sell our port and I think we have the best cruise terminal in the world. When Director Moyer got a phone call from the CEO of Princess, his question was, "Is San Francisco ready for prime time?"

I think it is but we had to work out the bugs. Tourists are going to be coming to San Francisco. This year, we had over 300,000 passengers. Our goal is to eventually have in the next 4-5 years one million passengers a year. We want people to come to our city. We're going to make it work. All the stakeholders, the port, the longshoremen, the metro, and Princess, we're all going to continue to do better.

I'll be going with Mike Nerney in November to Miami to meet with some cruise officials. Celebrity Cruise Line is looking at maybe coming into the Port of San Francisco. It would be an additional 40 sailings coming in here a year. That's more jobs. That's more tourists. That's more highlighting our great city. Hopefully by that time, we'll have a World Series under our belt and we'll just continue to move forward.

I wanted to inform my fellow commissioners and you that we appreciate what's happening. The Commissioners took this very seriously. I know if I paid to go on a cruise and I missed the sailing and the ship was six hours late leaving, you got to get on it immediately. You can't just say it's going to work out. I was down there. I'm on the ground. I'm committed. Everyone is committed. We will continue to go down there. I will continuously go down there. I won't let people know I'm coming down there to make sure that we're being competent and accountable.

Commissioner Katz - Thank you, Commissioner Adams, for doing that and for assuring so many people that the Port of San Francisco and commission and others are here to make sure it's a positive service for everyone.

Flicka McGurrin from Pier 23 Café - I would just like to compliment the port on the security that was apparent and the amount of police presence because it's completely crowded and confusing down there. I felt that the security and the police did a really good job, considering there's not a lot of direction.

10. CONSENT

- A. Request approval for Port Commission Vice President Willie Adams and Maritime Marketing Manager Michael Nerney to attend the Cruise Line International Association's Annual Leadership Forum in Miami, Florida on November 11-14, 2014. (Resolution No. 14-53)

Commissioner Adams recused himself from voting on this item.

ACTION: Commissioner Woo Ho moved approval; Commissioner Murphy seconded the motion. Three of the Commissioners were in favor; Resolution No. 14-53 was adopted.

11. FINANCE AND ADMINISTRATION

- A. Informational presentation on the Port's year-end report on Contracting Activity for the Fiscal Year 2013-14 (July 1, 2013 through June 30, 2014).

Elaine Forbes, Deputy Director of Finance and Administration - I'm here with Boris Delepine from the Office of Contract Administration to present our annual contracting report for Fiscal year 2013 and 2014.

The scope of the report is to look at our Executive Director's use of her delegated authority and to look at our LBE participation, both in terms of contracts awarded as well as payments made. Different from prior years, we're also reporting on payments to prime LBEs as well as some consultants and contractors.

The Port Commission is aware of the program. The LBE program was established to expand the city's contracting opportunities for small San Francisco-based companies. LBE prime contractors receive bid discounts or rating bonuses in the review of awards. The city's contract monitoring division also sets subcontracting goals for prime subconsultants, based on the project scope.

The subcontracting goals must be met by the end of the contract. This ordinance applies to contracts above a certain value. Those that receive local funds for state and federal awards are excluded because state and federal rules do not allow for local preferences.

The LBE program is set based on gross receipts. This table shows the gross receipts that are allowed by firm type from micro, small, and SBA firms. It is the city's desire and also the port's desire to have more small San Francisco businesses certify. We are encouraging them to compete for city work.

This chart shows 1,367, the number of certified city LBEs as the date of this last report. It also shows the LBEs by the top 10 categories. This chart shows the types of contracts in formal contracts under \$400,000 for construction and under \$100K for professional services.

The chart shows the 1,360 registered LBEs by women-owned, 22 percent, minority owned, 39 percent and other, 39 percent and then it shows the LBEs by the top 10 categories.

This chart shows informal contracts, those under \$400,000 for construction and \$100,000 for professional services are not subject to sub-construction consulting goals. But we can utilize a micro set aside procurement method to bid those jobs out to LBEs. We've been doing so and getting better success in terms of our contract awards to LBEs.

Formal contracts under \$10,000 for construction and \$10,000 for professional services include an LBE bid discount or bonus as well as subcontracting goals. Those over \$10 million include subcontracting goals for LBEs.

The Executive Director awarded five professional services contracts and two construction contracts last year, utilizing her delegated authority for a not-to-exceed value of \$658,000. As you know, you've delegated contracting authority to the Executive Director to be consistent with other city departments and provide for expedited contracting awards.

Our Executive Director can do so for contracts under \$100,000 for professional services and \$400,000 for public works. You will notice that of the seven contracts, four were awarded to local business enterprises. That accounts for 56 percent of the not-to-exceed value of these contracts.

In terms of all contract awards, the port awarded 12 new contracts with a not-to-exceed value of \$4.58 million. Seven of the 12 were awarded to prime LBEs for a value of \$1.44 million or 31 percent of our awards. We've seen more awards to LBEs because we're utilizing the micro set aside procurement process. Four of the 12 contracts include LBE subcontracting goals from between eight and 12 percent.

LBE prime contractors award combined with the sub-consultant awards total 56 percent of all contract awards of \$4.58 million. We achieved this from doing much more outreach, but also from utilizing a set aside program.

The chart shows the amount of the awards and the status LBE or non LBE and for those LBEs, whether they're women-owned business enterprises, minority-owned business enterprises or neither women-owned or women-owned. The commission has asked that we report on the data related to our LBEs.

In terms of contract payments made, we spent \$67.5 million in contracts. Of that, \$740,000 was paid to LBE prime contractors and \$21.7 million was paid to LBE subcontractors. This is 33 percent of all payments. This is really a huge year for us in terms of payment to LBEs.

By way of comparison, last year our spending was a little higher at \$73.4 million. But 18 percent was to LBEs. We've achieved this through more awards to prime LBEs, doing a lot of monitoring, a lot of outreach. Kudos to the Port Commission and to staff for overseeing these numbers.

We are now reporting LBE types by minority-owned, women-owned, and non-minority-owned or women-owned. This chart is one of three in your attachments to the report. This is on as-needed contracts. You will see for the LBEs, we are seeing Asian representation, Latino American, African American, and women-owned business in our LBE groups. While we cannot set point preferences based on gender or race, we can certainly report on how we're doing and continue to do outreach in this regard.

In terms of the highlights, \$2.58 million or 56 percent of our total contract awards to LBEs last year. That's really a nice split between prime awards and subcontractor awards. Last year, we made \$22.5 million of payments to LBEs. That's 33 percent of all contract payments. Most all of our contracts are exceeding the goals set by the Contract Monitoring Division. This is a substantially stronger result than we saw last year.

We have an opportunity to continue these types of numbers but it does mean doing outreach for each procurement in the way we've been doing it and utilizing the micro set aside program. I'm very thankful for the Contract Monitoring Division for helping us with our micro set aside program and for assisting us with outreach this past year.

Commissioner Murphy - Why are professional services exempt?

Elaine Forbes - Professional services are exempt because they're under \$100,000. So they're exempt from that sub-consulting goal. We're still tracking whether we award those contracts to LBE primes and whether or not they partner with LBE subconsultants. They're exempt from the sub-consulting goal if the amount of the contract is under \$100,000. They would also be exempt if there're federal or state funds included in the sources for the contract.

Commissioner Woo Ho – Thank you, Elaine, for this report. As you know, Commissioner Brandon's not here today but this report is the heart and soul of what she loves to hear at the commission. I'm not going to speak for her, but to just commend the port for achieving over the goal and for the detail in information that we've required that I think sets us apart from some other agencies in the city. It demonstrates that when you put focus on a goal and work together, we will get results.

Commissioner Adams - I won't speak for Commissioner Brandon, but I'll speak for myself that I think you've done a great job. I think you guys have done a great job. Commissioner Brandon and I have continued to push you guys. It will help more people in the minority community because as you noticed, the numbers for the African American and Hispanics are very low. Women and Asian communities are doing well.

We have to continue to raise the bar. We have to do more outreach. I would like to commend you because what we're doing is we're challenging people to reach out and to put on their best foot forward and to step up. I've always said that I don't expect anyone to get a contract because of their race and their sex. I just expect them to be good. But I expect people to know because sometimes there's a good old boy system out there and a lot of times people don't get the information.

There should be an equal playing field for anybody that's good, no matter who they are, will have an opportunity to put in and to show what they can do. That means a lot of these companies are going to have to compete with the larger companies, build relationships, get to know them and to reach out, to come in and learn the business a little bit better.

Because as you and I have talked about before, a lot of times when these bids go out, people don't know basically how to answer the questions because it goes on a point system. If you're not a part of the game and you're on the outside, you don't know what to do to be a part of the process and so you got to get out there and I appreciate that.

I will tell anyone, "Come to the Port Commission, call, find out," because a lot of times people are saying, "Well, we didn't know about it." You know what? People don't forget to eat. So don't forget to come out here and learn if you really want to be involved in something. Come out here and participate.

Commissioner Katz -. I want to echo comments of my colleagues and really thank you, Elaine, and staff and the Contract Monitoring Division for really stepping up. I know this has been an issue. In particular, Commission Brandon has raised the importance. We, as a commission, have pushed to see some results here. It really is heartening to see that by taking this outreach seriously, we really have seen such positive and strong results.

I hope some of the other departments in this city will take heed. When we had a meeting with a number of the minority chambers of commerce, other representatives from the city were so pleased with that, that they wanted to see it replicated.

The results really do speak for themselves. With focused attention and dedications certainly on the part of commissioners and staff that we have seen such good results. I want to thank you all very much for this. Thank you for your presentation.

12. PLANNING AND DEVELOPMENT

- A. Informational presentation on proposed relocation of Teatro Zinzanni complex to Seawall Lots 323 and 324, at the corner of Broadway and the Embarcadero and sponsor's request to Board of Supervisors for a sole source waiver to competitive bidding requirements.

Jonathan Stern with Port Planning and Development Group - I'm going to start by giving some background about our former and hopefully future tenant, Teatro Zinzanni, and the position that they find themselves in. As many of you probably remember, Teatro Zinzanni was a long-term tenant at the Pier 27/29 area on the northern waterfront and they've enjoyed their tenancy there. We've enjoyed having them as a tenant, bringing life to that portion of the waterfront.

When the James R. Herman Cruise Terminal broke ground and it became the site of the America's Cup, during that entitlement process, it became clear that a number of tenants, including Teatro had to move. We negotiated a tenant relocation agreement with Teatro Zinzanni, specifically targeting Seawall Lot 324, which is the parking lot that is triangular in shape at the corner of Embarcadero and Broadway.

The original intent was that they would move their historic Spiegel tent, where they actually have their shows. They would pair it with a number of temporary buildings and use about half of that parking lot and for a lease term of 10 to 15 years. We had a number of presentations in front of the Port Commission regarding the design and economic terms of that project moving forward.

The Port Commission also directed Teatro Zinzanni and their designers to do extensive community outreach. This is a particularly challenging lot because not only is it subject to all the port rules, including the public trust, but it is also part of the city's Northeast Embarcadero historic district. There's another overlay that is not on port property. So it's an extra special challenge.

Teatro Zinzanni was a diligent partner in this enterprise and went and sought neighborhood feedback, both on their design and how they fit into the historic district. Especially in the course of 2012 during the public outreach, when we

were both in front of the Port Commission and the neighborhoods, we found this was a particular challenge.

After some time to reflect and a run elsewhere in California that was very successful, they came back to the site and to the port and started a discussion saying that perhaps the project as originally envisioned as I outlined, a shorter-term project with temporary buildings was not going to suffice, either from a design perspective or from an economic perspective.

Teatro came to us to propose a different project. So far this has been a conceptual discussion to pair the historic Spiegel tent and the normal Teatro operations with a hotel at Seawall Lot 324, specifically doing some open space at Seawall lot 323, which is the corner right in front of the KGO building, having the historical tent right around the base of Vallejo Street and having the most of SWL 324 be a hotel.

They'll show some conceptual designs of this in a moment. Port staff recognize that the particular challenges of having a permanent building, which will be a lot easier to work with, design, to accommodate the needs of the historic district and our neighbors, as well as providing an additional economic revenue source to allow the additional construction in the architectural quality.

This is a concept that port staff was interested in. Teatro has had an opportunity to talk to the Northeast Waterfront Advisory Group, NEWAG. People generally think this idea is promising. In our normal course of doing business, when a new idea like a new hotel comes to the Port Commission, we are very clear to follow both Port and Board of Supervisors' policy to have competitive solicitation.

Now, there were a number of instances in the recent history of the port, where we have entertained projects, such as the America's Cup, where there was not a credible opportunity for bidding. In those cases, we've always sought Board approval before we progressed with a given developer to come up with the public private partnership, which is essentially what this would be.

Teatro is here to tell the Port Commission about their concept of preparing a hotel with their operations at Seawall Lot 324 and going to the Board to get that sole source waiver. Then come back to the port and we would undertake with a private partner to develop an exclusive negotiating agreement, to develop a design in concert with community input, and develop a term sheet.

I would like to introduce a number of people on the Teatro team. Norman Langill, the founder of Teatro, followed by their architect, Mark Hornberger, who has done good work on the port before, and Annie Jamison, their Executive Producer. Then I'll finish up with next steps.

Norm Langill, President and Artistic Director of Teatro Zinzanni - I'm here this afternoon with the team I've assembled over the last three years to bring Teatro Zinzanni back to the San Francisco waterfront, where it was born and thrived for 11 years.

Our team includes Darius Anderson and Jay Wallace from Kenwood Properties, architect, Mark Hornberger, and my producing partner and COO of Teatro Zinzanni, Annie Jamison. I'd like to note in the room there are many of the performers who are at Teatro Zinzanni, who are here. I appreciate them coming today and perhaps enlivening your commission meeting.

During the 11 years that we were on the waterfront, we created and built 34 unique shows, utilizing the talents of hundreds of San Francisco and international artists, including musicians, singers, acrobats, clowns, and comedians. It's not news that the real estate pressure on San Francisco art scene is a real issue for the cultural health of the city.

We hope our solution, which is a true partnership between business and the arts, will be the first of many such solutions for this amazing city. The relocation site we've been working on since 2011 is Seawall 324. It's especially suitable because it was the site of the very first wharf on the San Francisco waterfront, built in 1848 called the Clark Point Wharf.

It's where all the 49ers came into town. It was the first true city gate for San Francisco. It also spawned the area that we know now as the Barbary Coast. The first professional theatrical performance in San Francisco was three blocks up the street. It was the road circus where they combined Shakespeare's Othello with horseback riding and juggling.

Montgomery Street was where the first professional, national theater was built that featured French vaudeville and what they then called Yankee stories combined. This is where and when the San Francisco's theatrical traditional, right down the street began, a tradition that is widely unique, progressively original, and quite often wacky, a tradition that inspires Teatro Zinzanni every night.

In 2011, when we were asked to relocate to make way for the America's Cup and new cruise ship terminal, the port offered Zinzanni a sole source right to negotiate a lease on Seawall 324 in exchange for terminating our lease and in recognition of our status as a tenant in good standing with the port, as well as our unique contribution to the vitality in the waterfront. That was three years ago.

At the starting point of the negotiation, we met with the neighborhood groups, port staff, and the Historic Preservation Commission to get their input on the building, design, and use. Now, out of those meetings, the four fundamental suggestions became the bedrock of our plan was to stay at the 40-foot zoning

height limit on the site, to build a beautiful, permanent building with a touch of circus to serve as a gateway to North Beach and Chinatown and to comply with the planning policies of all the various reports on the Northeast Waterfront Historic District, which all encourage a theater, hotel, retail shopping and green space as appropriate uses of the waterfront.

We took all those requirements and suggestions and revamped our plan in order to come up with the right size for the project so that it could survive into the future. We approached several business leaders and developers about financing more the temporary site.

We were all turned down for basically two reasons. The first issue was the length of the lease versus the high cost of the project. The second was the risk involved. As the only business on the site and an unusual cultural business at that, the concern was our possible default in a bad year, something that many arts organizations experienced in the city in 2008 and 2009, as you might remember. We realize that if we were going to bring Teatro Zinzanni back, we'd have to be a little more creative.

The only real solution was to develop a multi-use concept for the site, a plan for which other business revenue could support the cost of construction and the lease. That multiuse concept has been successfully used in other arts institutions by them in other cities, the Lyric Opera in Chicago and the Arts Series Hotels in Melbourne, Australia, as a way to combine the arts and business so that both can survive and prosper.

At that time, I asked Darius Anderson, a long-time supporter of Teatro Zinzanni, who helped bring us to San Francisco in 2000, to partner with us to develop a financially feasible, multi-use plan, which would meet the recommendations of the neighborhood, the lease terms of the port, and which could support Teatro Zinzanni's unique cultural mission.

Boutique Hotel was a natural ingredient in this plan, because importantly, the hotel could also provide artists housing, which as you may know, is in short supply in San Francisco. We created what we call TZK Broadway LLC. We're now coming to you, port and the city, with a plan to negotiate a sole source lease for a hotel, permanent theater, and public park on Seawall 324 to continue our one-of-a-kind theater and visitor experience.

Considering moving forward, I'd like to bring up Mark Hornberger who will then outline what the design is going to be and have a good look at see what we're thinking about.

Mark Hornberger - I'm going to share with you this afternoon a few of our ideas about planning and concept for the project. Our project is planned in concert and in conformance with the land-use guidelines laid out in the Northeast Waterfront Plan. So open space, hospitality use, and most

important entertainment use. Of course, we're planning in conformance with the height guidelines within 40 feet.

The existing site, as you all know, is currently surface parking lot underutilized but rich with public access. We're right on the Embarcadero South side of the street and bounded here in this plan by the Embarcadero on the upper side, Broadway on the Right, Davis Street below, and, as Jonathan said, the KGO building on the left-hand side.

The area is a combination of eclectic buildings. Yes, we're in the Historic Waterfront District. But when you look in the immediate vicinity of the site, prevailing uses vary from office to residential to retail to restaurant and are a variety of architectural expressions and ages. The predominant building height though is 50 feet or less. In this area of the Embarcadero, as you'll remember, we have very interesting potential site for public park.

Through your own waterfront land-use diagrams, you've analyzed and created, over a series of years, this necklace of open space necklace of parks. In our specific location, there's a gap in that necklace. We're proposing to include, as part of the program, with our project a public park. As we get into the plan, a park that is privately developed and financed but available and open to the public.

The site itself is a long site along the Embarcadero and is easily accessible by public transportation also bicycle and pedestrian access. As you can see in this circulation diagram, the red arrows show you access to the F line along the Embarcadero and show multiple points of public access to the site and our proposed development of the site, starting with the public park on the left-hand side.

At the center of the composition, our entertainment use, the historic Spiegel tent and Teatro Zinzanni's use. Then on the right-hand side, the hospitality uses, which include support for approximately 175 hotel rooms. You can see on all three sides, there's really no backside to this project.

We have significant public access and we're including not only points of high occupancy vehicle drop-off on Embarcadero and Davis, but also the incorporation of bicycle parking along Embarcadero and along Davis and within the public park area and a historic walk, an interpretative walk.

Norm mentioned Clark's Landing, the historic Barbary Coast area. Between Broadway and the park, we're proposing to animate that walkway with interpretative displays, both on our entertainment building and within the sidewalk and landscape area.

The building itself, as I mentioned, has three components, the park to the left, the entertainment in the center with the historic Spiegel tent and the

hospitality use on the right-hand side. Our goal is to animate the Embarcadero on the South side. This building will have a high degree of transparency.

You'll be able to look in and see the Teatro Zinzanni activities, our retail, and visitor-supporting activities within the hospitality use. But most importantly, the historic Spiegel tent we're all familiar with, which is in storage in Seattle now, will be brought back and enclosed in a glass gazebo that you'll be able to see actively from the Embarcadero and from Davis looking down from the hill above on the Vallejo Street corridor.

As you know, the Spiegel tent is internally looking and it seats about 250 people, very beautiful materiality and coloration. All the supporting activity happens outside the tent such as the actors and actresses dressing, getting prepared for their parts, food, and drink moving back and forth, getting ready to be served.

One of our concepts that Norm feels very strongly about, and you'll hear more from Annie in a few moments, is to be able to have our public see that activity. That will help animate this very key location at the intersection point between the public park and the entertainment and hotel use. Very interesting way we think to use the animated nature of the activities around the tent for the benefit of the public realm.

On the upper portions of the hotel, and again we're planning all of this to stay within the 40-foot height, are three levels of guest rooms. We have approximately 175 guest rooms that are a combination of hotel guest rooms and Teatro Zinzanni actor and employee serving residential units, guest rooms that allow out-of-town performers and performers to come and stay for extended periods of time and be able to have convenient housing near the Teatro Zinzanni operation.

This building defines the street edges on Embarcadero, Broadway, and Davis as a light court in the center. It is planned to be all within the 40-foot height limit. This project we're very interested in long-term sustainability, as Norm said, both economic sustainability but also environmental sustainability.

While the combination of hotel and entertainment use vary to the economic sustainability, we're planning green roofs, green walls, reducing the heat island effect, and also capturing storm runoff, which is important to water quality in the port, and meeting San Francisco's green building code, and enhancing the views from Telegraph Hill and the taller buildings around us by having green roofs on top of this structure.

There are some simple early conceptual views of this building. The key takeaways from seeing these views are that we're going to be able to frame in a very nice and symmetrical way, from a height standpoint, the entrance to

Broadway to complete that and frame it at the corner of Broadway and Embarcadero with our four-story, 40-foot high building.

The park is focusing on the historic Spiegel tent. You see that in the view on the right side. We're creating an outdoor stage and a public performance area in the park so that that can be used not only for relaxing and sunning, but also outdoor activities and events that are supported by the entertainment use directly adjacent to it with Teatro Zinzanni.

As Norm mentioned, we are in the Historic Northeast Waterfront District. Article 10 puts forth our approach to dealing in the city with historic resources and historic districts. Our building will be designed in accordance with Secretary of Interior standards for additions to historic districts. We'll be looking at the attributes of the existing and surrounding historic buildings as we think about the design of our new building.

When you look at the predominant stock of historic buildings in this area, they are strong and simple, but they have a sense of crafted excellence to them. When you look at windows, when you look at cornices, there's a sense of craftsmanship to them that we'd like to bring to our new building, which also is in concert with the idea of this combination with theatrical and entertainment use.

Being a good neighbor with historic buildings is something that's important to us. Being a good neighbor in the historic district for the port and being a good neighbor and an asset for the city is very important and something that we're looking forward to bringing more detailed proposals forward.

Annie Jamison, Chief Operating Officer and a founding member of Teatro Zinzanni – I'd like to thank you, the port, and the city for creating a home for Teatro Zinzanni in San Francisco for an 11-year run. It was fantastic. Beautiful art was created due to your vote and the confidence and trust in our vision. So we hope to do that again.

Over the past 11 years, we've developed a multitude of relationship with neighbors, vendors, corporations, and artists. We became a destination entertainment experience and a part of the fabric of San Francisco artistic community. During our stay, we entertained over 800,000 guests in our historic Spiegel tent, the place to an intimate 285 guests.

We employed hundreds of various citizens as waiters, chefs, costume makers, technical staff, artists, sales people, and administrators who all added to our vibrant life on the waterfront. We entertained over 2,000 separate corporate companies, developed over 34 shows, and created many special and spectacular moments for our customers.

Since we closed in 2011, it has been amazing to receive the vast number of ongoing request from the public asking us when we will return to San Francisco. Phone calls, social media, letters, including one missive from a fan who wrote, "I am counting the minutes until our beloved Teatro Zinzanni is once again with us in San Francisco. One more holiday season, New Years, birthday, or romantic night out without you is one too many."

Our goal during this hiatus has been to keep in touch with our audience and the community, ever hopeful that we would see the day when we would announce our return to the city by the bay. This unique partnership between Kenwood Investments and Teatro Zinzanni creates a business model where one hand feeds the other.

Teatro Zinzanni will drive business to the hotel. The hotel will drive business to Teatro Zinzanni. Together, we will steer business to the surrounding community. A marriage between business and culture, a new way for art and business to flourish. The energy behind this venture is palpable. It is time to return love, chaos, and dinner to San Francisco. Thank you for your ongoing support.

Jonathan Stern – I wanted to wrap up saying this is an informational presentation. We're here to get public comment and specifically the comments of the commissioners. With the concurrence of the commissioners, Teatro Zinzanni is prepared to seek that sole-source waiver that I mentioned earlier.

As next steps, if that is successful, this would be a normal course of public/private negotiations at the port, exclusive negotiating agreement that would come before the Port Commission for its approval, a term sheet and design that would come before the Port Commission for approval, and ultimately project entitlements.

Commissioner Katz – Thank you for the presentations. We're now open for public comment. I have a number of speakers. First, Commissioner Woo Ho, you received a letter from somebody that can't be here that we'll just enter into the record, if you can give that to our Commission Secretary.

Commissioner Woo Ho - I received an email from Malcolm Yeung and I will enter it into the record.

Malcolm Yeung's letter to the Port Commissioner Doreen Woo in support of the Teatro Zinzanni's proposed relocation.

"I want to pass a note on to you re the Teatro Zinzanni project that is up for an informational hearing today at Port.

The project will be within one block of two CCDC buildings on the corner of Broadway and battery and Broadway and Sansome.

Based on my early impression, we are encouraged by this project. It will activate that corner lot and be a good conduit on to Broadway and hopefully Chinatown. We also like that the project will not need extensive planning variances - which means to me the project sponsors are serious about getting it done.

Of course, the devil is in the details and we would like to see three additional things as of now.

First, we'd like to see a linkage between permanent jobs created at the hotel site and surrounding residents of the neighborhood. Our two buildings alone house close to 150 low income families and Chinatown - within 1/2 a mile - house les over 600 low income families living in SRO's.

Second, we would like to see a strong linkage between publicly accessible spaces at the project and surrounding communities. Chinatown has the least amount of open space in the city per capita. Usable waterfront space is good for the physical and mental health of our youth and families.

Third, we'd like to see a linkage between the project and Chinatown businesses.

Please feel free to read this into public record if you are so inclined."

John Frawley, President and CEO of the Aquarium of the Bay and the Bay Institute - I've been working and a tenant of the port for about 18 years now so it's been a long time. I came out today to endorse these operators and developers. Being a neighbor of Teatro for 11 years, right next to the aquarium, just a short walk away, nothing but greatness between us. They were always there, very helpful, very supportive and a nice fit. As President of Fisherman's Wharf, they were very active in the Fisherman's Wharf community. Always there to help, always there to give us free tickets once in a while, not too often. We all know Teatro but I think a lot of people don't know much about Kenwood and Darius on the waterfront. I should point out Darius and Kenwood operated the aquarium for three years. It was three years with the aquarium has gone through some very tough times trying to find its own place. Kenwood came in and were great operators of the aquarium. It was a pleasure to work with them, one of the best operators I've worked with. Being President of Fisherman's Wharf, they were very much community focused. They helped rebuild Fisherman's Wharf Chapel and donated to that. They allowed me, as a director, to do a lot of community work. They got that this is a community and it is a community. We're very close and tight. Together, this group makes a good team. I just want to support them. I'm looking forward to watching the project.

Kristin Clayton - I have been a resident of San Francisco and a professional opera singer for over 22 years, singing in major opera houses all over the United States. It has been my privilege in between those opera jobs to come home to Teatro Zinzanni, to perform and build my craft as a singing actor. I'm so proud to have been influenced by some of the greatest comedians and singers and circus artists in the world, including such living legends as Joan Baez, Thelma Houston, and Lillian Montevecchi, and many, many more. Today, I represent the many TZ performers from the bay area, as well as top artists in their fields from over 21 countries, including most of Europe, Canada, Russia, the United Kingdom, China, Argentina, just to name a few. Zinzanni has issued over 720 contracts to artists over the 11 years that we were here as TZSF. This city has always shown a deep appreciation for great music and a high standard for entertainment. There's a huge capacity and an appetite for being exposed to new cultures in exactly this modern form of theater. Within the intimacy of the Spiegel tent, when I play the character of the diva, audiences are able to hear operatic sound at such close proximity. Where else can you go to actually feel the wind of trapeze artists on your face while you're having dessert? It is amazing to watch the people in the audience as they begin to realize they were not just observing a show, they were actually part of it. Being connected to part of the North Beach Italian community, Broadway and Embarcadero is perfect for, as one lady from there I spoke to on Sunday said, "Teatro Zinzanni." The rich cultural and artistic nature of San Francisco is very important. Tourists and locals expect San Francisco to have permanent theatrical venues that fit our unique, diverse population. TZ is ahead of its time. As employers, they've embraced a sense of family from the very beginning. Both of my children feel welcomed and loved backstage among the wait staff, administration, and fellow performers. As a mother, I have to say that makes coming to work a joy and truly lessens that stress of juggling career and family. I absolutely love San Francisco and all the wonderful performing opportunities I've had here. But it is Teatro Zinzanni that has allowed me to grow and thrive as an artist. We must have TZSF as a permanent place for people from all over the world to come together in peace, celebrate life, love, chaos, and dinner.

Commissioner Katz – Thank you. If only all our speakers at our commission meetings were so animated and eloquent.

Joe Torro - I am a big supporter of Teatro Zinzanni and I have been for 15 years. I worked on the waterfront in Seattle as a longshoreman for over 50 years. I've seen the waterfront grow. Our maritime shipping cargo over sea and over land, the difference in 50 years is unbelievable. We have built our waterfront for tourists. The tourist is amazing in Seattle. Willie had mentioned that you guys have a fine, brand new cruise terminal. We have one too and it's just as good, if not better. I appreciate the fact that he spent time to go down there and make it work. Because that's what I did. I spent time with the Port of Seattle Commissioners and officials, went to New York, went many, many places to get those cruise ships in Seattle and they paid off. We got

millions of people that come through Seattle as tourists and travel to and from their destinations by these cruise ships. They spend a lot of money. The economy in Seattle, it's unbelievable what those cruise ships bring. They also stay a night or two before their cruise or after their cruise. A perfect place to send them for entertainment, a great experience is at Teatro Zinzanni. I can only say that I was a paying customer at Teatro Zinzanni for over 400 times. That's why I had to work on the waterfront for over 50 years. I do want to say that what a perfect place to send your tourists that visit your cruise terminal but Teatro Zinzanni. It would be a perfect place for them to go. I remember when I came down here as a tourist, I had to stop at Teatro Zinzanni. It was most of the reason I came down here. I enjoyed it very much. Like the lady said about the entertainers, they're fantastic. The entire experience is unbelievable. I want to let you know that I traveled all the way down here from Seattle. I don't do that for anybody, but I would for this place. This is the best thing going. I cannot believe that anybody would think about not having them here or anywhere. Think about it.

Cassandra Flipper, Executive Director of Bread and Roses - Bread and Roses, as you may know, is a non-profit organization that serves eight counties in the Bay Area, including San Francisco where we do about 30 percent of our shows. In the Bay area, we do 600 shows a year for audiences who cannot go out themselves to hear wonderful music. What we found with Teatro Zinzanni was an incredible partner in terms of our ability to raise funds to serve our community. The truth is that there are many other charities in the Bay Area who likewise found Teatro to be a fabulous partner. Each year, Teatro Zinzanni donated 500 tickets to local charities as auction items. Teatro Zinzanni is a member of the Chamber of Commerce and San Francisco Convention and Visitors Bureau, and Teatro specifically helped local charities raise over \$2 million for those community. Some of the organizations that they worked with besides Bread and Roses were the San Francisco Symphony, Huckleberry House, JP Haitian Relief. That was Sean Penn's organization, Suicide Prevention League, and Habit for Humanity, the greater San Francisco chapter. Bread and Roses bring hope, healing, and joy to isolated audiences. We found Teatro as a partner in our ability to put on the most cost-effective benefit events ever. There is no other entity, no other venue in the City of San Francisco or beyond, for that matter, that provided us with the kind of efficient, congenial, loving, caring, partnership that Teatro Zinzanni provided. We had five different events at the tent. First, in 2004, and the last one was in 2011. Our net proceeds during those events ranged from \$115,000 to \$140,000. That's a great gift that no other venue in the city has been able or probably will be able to provide. Teatro Zinzanni is a first-class operation. As a charitable organization, itself in the entertainment business, it was our pleasure and honor to be associated with a first-class operation as well because we believe that we brought something to them and they brought something to us. We found that many of our donors had never been to Teatro before they came to one of our benefits. They would come again for birthdays

or holidays or other special occasions. We need Teatro back. The charitable community in San Francisco and the Bay Area needs Teatro back.

Bruce Kelly - I'm a local businessman here in the greater Bay Area. I'm not a good public speaker. Teatro Zinzanni, to me, is all about passion. I got two passions when I'm not working in the Bay Area. And one of them is baseball, the Giants. In fact, I'm here today because one of my friends is on the current team. I told them, "Nuh-huh. I got to go support my friends in Teatro Zinzanni." I brought him to the show. He loved it. So I said, "You know what? If I'm going to be here. You guys go win." Which they did. Now I'm here to support another winner. When they left, to use a baseball term, I thought, "What's going on? You're killing me, Smalls." For me, the passion that all the performers have, the people, whenever I tell people in my business about San Francisco, I always say to them, "Have you ever heard of Teatro Zinzanni?" And they'll either say, "Yes. I have. I've been there. Oh my God, I want to go there. It was the greatest thing I ever saw." You bring children there. You bring everybody there. Just the performers themselves, it's San Francisco. It's when you come to San Francisco, you want to come somewhere you can see world-class performers and the real people. Like you said, 40 something shows, and every four months, the performers come. They've been gone. When you sit down and they see you, it's like family reuniting. For me, I need to have them back. They have to be here because it's the essence of what San Francisco is all about. If you want to go out and have a good time, you want to see good performers. You want to see world-class acts. You want to see just the passion of what art's all about. It's Teatro Zinzanni.

Flicka McGurrian from Pier 23 Café - We enjoyed many evenings of fun performers coming and sharing our late evenings at Pier 23 Cafe. It was so much fun. We had a lot of fun with our neighbors. We are looking forward to having them back. We think it has been way too long. One thing that I'd like to bring up is just the reality of the situation is expediting things in San Francisco is so painful. I would hope that the Port of San Francisco could really pull some strings and get the City Hall to be a little bit nicer to Teatro and get this show on the road. The parking situation at nighttime for nighttime entertainment along the Embarcadero has seriously impeded our ability to do business and it would be the same for Teatro. The parking meters are four-hour meters. They end at midnight. If you go about at 8:00 for dinner, you're bound to get a ticket. Then from 12 to 3 in the morning is street cleaning. Our nighttime business has pretty much come to a halt. We close at around 10 or 11 at night now, whereas we used to be able to be open until 1 or 2 in the morning. That's a consideration that I am bringing to the table so that we can all acknowledge it.

Toshi Harrison - I really want to exemplify the far-reaching good effects that the show had on the community while it was here. My mother founded a school in the city. I was a teacher there. One of the things I really wanted the

kids to appreciate was life in San Francisco, just how beautiful it can be here. I would take them out on neighborhood walks just to look at architecture of the old houses and buildings and say, "Appreciate that." When I saw Zinzanni for the first time, I thought, "Now, this is something my kids have to see, because they need to know that life can be beautiful, this world can be beautiful. They can be part of something that aesthetic, something that will really make them dream. For eight years, I took a group of students every year. Then we started taking the teachers every year to thank the teachers for all their hard work. My mom and I thought, "What's better than taking them to Zinzanni?" Then the kids would insist that their parents start going to Zinzanni. It became this beautiful thing that literally graced our school. For a period of eight years, it was like they were the golden years we were graced with the existence of Zinzanni. During that time, seven of the artists came to our school and spoke to the children about their lives in the circus. The kids would say, when they saw the banners all over the city showing the artist, "I can honestly say I know him. I know her." It meant so much to them to have that was such an amazing thing. To lose it was really a terrible loss. It is something that we really need back. My father right now, who introduced me to the show in 2001, he's 85 years old. He's in poor health. One of the things he most dearly wishes is that he will stay alive long enough to see the reopening of Teatro Zinzanni in San Francisco. Truly he told me I need to come to this today and find out what's happening so I can report back to him on it. So please, let's expedite this thing.

Roberto Sanchez – I was working at Teatro Zinzanni for 11 years. I was in charge to set up the tent and then help the waiters. I have a lot of experience in the kitchen and in the theater. One of my beautiful experiences is being part of the show. They carried all the staff, the waiters, the actors, the guys put it in the show, dancing and laughing and everything. It was amazing for me. I have a lot of good memories. But the most important thing during the matinee shows on Saturdays and Sundays, a lot of seniors enjoy the show too. I think they don't have time for that at night. I see the seniors and children enjoying it. It was a beautiful time for me. Thank you to these guys for giving me the opportunity to meet a lot of people around the world like Russian, Italy, Germany and France. I was really lucky to work there. I really want you to help bring back Teatro Zinzanni to the waterfront. San Francisco needs this kind of magic again.

Beaver Bauer - I'm a costume designer here in the Bay Area and a costume designer for Teatro Zinzanni. I sincerely believe Zinzanni should return to the Embarcadero. I think this culturally rich and historical strip of land deserves a jewel of a theater that represents the diversity of its past and its present. Circus is the original multi-culty mash up experience and has always honored and celebrated this diversity of human kind. That's why Zinzanni belongs here. It honors the past of the Barbary Coast and does it with class. Our souls need to be entertained. We need it now more than ever. What's really wonderful about Zinzanni is you do it in the most collective experience

possible. Zinzanni immerses its entire audience into a wonderful evening in a place they've never seen before from the minute they walk in the door. The show is all around you. It's above you. It's next to you. It might even be under your table for all you know. It's everywhere. That closeness, that proximity moves the audience. It entertains them in a different way than they usually are not. Talking to all of the performers, the closeness of that room and that proximity also brings a different level of performance out of them. There's no hiding for a performer in Zinzanni. Everyone sees you, smells you, feels you, and hears you. That brings a higher level of performance from each of those artists and a more personal one. You should grab Zinzanni, don't let it go away, park it on the Embarcadero, and enjoy it.

Wells Whitney, co-founder of Renew SF Board Member - I worked with the port. I've been on the CAC of the cruise terminal and NEWAG. I've been involved in things going on in the northeast sector for a very long time. I also live up on that hill over there, which has a certain reputation for not liking new things. In fact, I look right down on the cruise terminal. I used to look down on the theater and then it went away. Now we have a wonderful new cruise terminal and it's great. These mammoth cruise boats come in and people are around and things are happening and I would look down on TZ, if that came back as well. I welcome that. It is the kind of development that we need. It is a development done by professional groups who know what they're doing and know how to make something happen. It would enliven the spirit of the waterfront. It would be good for tourists. It would be good for the port and their revenue. It would be good for us neighbors up on the hill and down from the hill because it's what San Francisco is all about, a very lively town. Please let's help move this ahead.

Jim Cunningham - I'm a board member of the Barbary Coast Neighborhood Association. I also have a particular interest in Teatro Zinzanni, in that I look out my window at your parking lot across the street. I'm delighted to have the idea of something more interesting going into that lot, though the people watching is sometimes interesting. I'm a strong supporter of Teatro Zinzanni. I love their shows. In the five years I've lived in San Francisco and before they left, I managed to see their show three times and look forward to them coming back to San Francisco. On the particular project, I really don't have a view as yet and don't think I can because representing the Barbary Coast Neighborhood Association, we're starting the community outreach program. Our board will be visiting with them tomorrow night, along with the boards of some of the other buildings in the neighborhood. We're trying to move that process forward. I'm a strong supporter of the company, certainly, and the operation. The individual project we'll work very intently to take a close look at and give our input to it as it goes along.

Steven Pieraldi - I have a personal interest. I love the show. Today is the start of a journey. While projects like these are about development, jobs, and art, they're really about institutions and memories. As a native San

Franciscan, I cannot be more proud of my city. I show it off every chance I get. Ours is a city more known for its food than its sports, more for its European sensibilities than its landscapes, home to more immigrants than New York City and visitors in one week than the entire population in residents. We are a unique breed. We need to build a culture that is inspiring and worthy of our history. Just as this very body removed the eyesore of a freeway and restored life to a waterfront, so should you restore culture. I have a wall lined with photos of many of my visits and friends who shared the gift of Teatro Zinzanni. I'm here to show its support for its people and its management. They are amazing and continue to be so. It's not enough to say that I represent not only myself, but everyone that I have brought to this show and this event. As a business leader, and I have many who support me in this endeavor and who will do so when this moves to the city council. I have to say that everyone knew that I was coming. Everyone said, "Please, represent and say that this has to happen." I appreciate your steadfast support of this enterprise and wish that your votes propel it quickly through the city.

Paul Pendergast - I actually wear several different hats. I'm the Vice President of the San Francisco Small Business Network, which represents 14 small business organizations in the city. I'm also the chair of the Public Policy Committee of the Golden Gate Business Association, which is the nation's first LGBT Chamber of Commerce, which is celebrating its 40th anniversary. I'm here today as a small business owner. It's an important day when you are reporting on your local small business participation successes, of which you have a number of them. Here today is the magic of small business as embodied within Teatro Zinzanni. Every person who goes into small business has a spirit. You want to create that magic. The magic creates jobs. Specifically for this particular project, we're talking about creating jobs that are sustainable for artists who are small business owners. You don't see that very often. In fact, you rarely see it. You see wonderful construction projects, which employ small businesses during the construction phase. But those projects and those contracts come and go. We're talking about sustainable jobs for unique small businesses who really create the magic of San Francisco and what San Francisco is all about. I absolutely support this project. I've known Darius. I've known Jay for 20 years, long before it was fashionable to support small business, Darius and Jay were some minority, women, LGBT chambers and so forth. This is really a great project for San Francisco.

Diane Leider - I'm the owner of City Source Rental and Supply. We're a local, women-owned, minority-owned business here in the city. We're one of the LBEs that was successful in working with the Port for Pier 27. We supplied over \$1 million worth of supplies for the construction of the cruise ship terminal. I actually got a chance to see Teatro Zinzanni the first year it was in San Francisco as a 12-year-old. It's been quite a while. This will really benefit the city. The proposed project with Teatro Zinzanni will not only benefit small businesses through the construction phase, but well after completion.

Judith Lucius - I didn't honestly realize I was signing up to be a speaker but I'm happy to do so. I loved every moment I spent at Teatro Zinzanni. My husband and I were quick to go and see the first show because it was only going to be here for six months, they said. Well, we were still going repeatedly. Took my grandchildren, I remember one show, my little grandson, who was this big at the time, got so excited when the puppet master came over our table and he literally fell out of his chair onto the floor. We still tease him about it. It's such a San Francisco spirit and magic. Please do your best to bring it back. We do miss it terribly.

Patrick Markle - I appreciate this opportunity to speak in favor of allowing Teatro Zinzanni to have a permanent home in San Francisco. I had the pleasure of working for Teatro Zinzanni in 2010 and 2011 as the Managing Director for the San Francisco show. When I came on board Teatro Zinzanni, I needed to learn quickly about the show, the operations, and the audiences that this distinctive show attracted. What I found most surprising at the time was the broad demographic of the audience. Our customers ranged in age from their early 20s to post retirement age. The other thing that surprised me was that Teatro Zinzanni's audience surveys that well over 90 percent of their customers approved of the show and would recommend it to their friends. Repeat business counted for a significant number of ticket sales. As you've heard today, people love the show. Teatro Zinzanni San Francisco was and can be an integral part of the art scene in the Bay Area and an important part of the business community. You have heard others speak about the importance of TZ to local artists. I would like to discuss TZ's role in the local economy. Serving dinner and drinks to over 70,000 patrons a year meant that TZ was a very important customer to the local vendors of food, produce, restaurant supplies, and beverages, including the local wine industry. We employed 79 full-time people annually. They worked in administration and management, restaurant, kitchen staff, bar staff, wait staff, production and operations, musicians, box office and sales. Seventy-nine people supporting themselves and their families. Seventy-nine people with health insurance and benefits, each of them Bay Area residents, who also contributed to the local economy. In addition to the full-time staff, there were approximately two dozen part-time staff who worked at the site throughout the year. They lived in San Francisco, then we contributed to healthy San Francisco on their behalf. Also Teatro Zinzanni served many local businesses by offering a great place to have staff recognition and incentive events. Corporate groups were a large part of the business. TZ San Francisco held over 8,000 corporate events that entertained 150,000 people. Finally, Teatro Zinzanni was and will be unique among its business neighbors on Embarcadero. But like its neighbors, it will be an important contributor to a vibrant and memorable waterfront experience.

Karen Goodwin - I'm a senior membership director at the Bay Club Company, formerly known as Western Athletics Clubs. We've been there for 37 years. I've been there for 29. The Bay Club is a 90,000-square-foot, full-service

athletic club. We started a relationship with Teatro for 11 years through Stanley Morris. This is how we first got acquainted and lasted until they closed in December 2011. They were located right across the street from the club. It was a great mutually beneficial relationship. Their staff and performers had a great place to work out. They purchased food in our cafe. They shopped in our pro shop. They used spa services. We also had some of the performers teach classes in specific for our members. They also loved working out among them. We received tickets in trade, used them for new member promotions, member referral promotions, which always were highly successful for us. employee perks and our executive team used them to host dinners for clients. All in all, it was a very win-win situation for us, which doesn't always happen. We're in full support of bringing them back.

Judd Williams - I'm glad I don't have to follow John Stewart. I'm Jed Williams and thank you for letting me speak to this today. I'm an enormous fan of TZ. I've been taking my money to Seattle recently. I don't like doing that, as much as I like coming down to our fantastic port. Because what you've done, looking forward, is amazing. From the Golden Gate, all the way to the Bay Bridge and down to the baseball park and beyond, it's just phenomenal. This would be a jewel in that. It would be terrible if it got away. Unlike Tony Bennett, leaving his heart in San Francisco, we've left Zinzanni off wondering in the wilderness here. I'd love to see them back.

John Stewart - Along with Wells Whitney, I'm a neighbor. We live up on Telegraph Hill Road. In my other life, I'm with a company that owns and develops mixed income housing. The project that's most immediate is North Beach Place, 341-unit project on Bay and Taylor, which we developed about eight years ago with two other partners. I hope the community likes it. I'd like to offer my strong support of this project. I am confident that in proceeding with this, you are getting a really good development team that will do what they say they're going to do. There are a lot of development teams who shall remain unnamed that don't. This one will. I'm confident that their architecture will be compatible with what you have right now. I'm also confident that they can achieve the financing they need to. if I were the Controller of the City of San Francisco, I would say, "Gee, we still have a big deficit." I think it's \$129 million a year. This project will contribute a huge tax increment to a city notwithstanding that some of the bubble that we're experiencing at the moment, this will have sustainability and will add a very large tax increment to the city, which it certainly needs. I would encourage you to proceed with this project posthaste. When people visit us on Telegraph Hill and they ask, "Where are we going to go?" We usually suggest, among other things, Beach Blanket Babylon, because it has institutionality to it. You know it's there. It's going to stay there. This would also be of that genre. It'll be there for a long time and it's a destination point of entertainment. I support it entirely.

Stanley Morris - Along with my partners, Mimi Paterson, and Janet Griggs and Charles Trapolin, we were the restaurant operators at Teatro Zinzanni for

12 years. It was a sad thing that we left. But one of the things that I knew at that time when we were going to have a little hiatus there is that it's very rare for an arts organization to become a cultural institution in San Francisco. It takes a lot of effort, lot of work, and a lot of customer loyalty. The gentlemen that just spoke before me talked about Beach Blanket Babylon being an institution. Teatro Zinzanni earned its place as an institution here in San Francisco. We'd be thrilled if it could come back to the waterfront. I encourage you to pass this on to the folks downtown.

Commissioner Woo Ho - Obviously, there is a tremendous amount of passion and I, unfortunately, have not seen a Teatro Zinzanni show, but I can imagine what it's like from all the speakers that have spoken and I am an arts person. I am an opera person so I can appreciate that kind of entertainment. The concept is very interesting. We are looking forward to obviously understanding more of the details. I know that this is an evolution of what originally was another concept, which we heard about months ago. We're looking forward to seeing this move. I have a question on the design for the architect. It looks like on the design or the map that the port gave us that there is access of Vallejo all the way through to Embarcadero. It looks like your proposal would change that. There wouldn't be any access through, from a vehicle standpoint but it would just be part of the public space. I just want to clarify how that works.

Jonathan Stern - I'll answer that for the port. Right now, technically there is still a Vallejo Street. It was never vacated. It was port property. Because it's still a street, it was not given a Seawall lot number. Right now, Seawall Lot 323 and 324 and that section of Vallejo is all operated as a single parking lot. There's no building on it, obviously but it's essentially as many other little stubs of streets that don't necessarily go all the way to the Embarcadero. There's another one at Seawall Lot 321 in a similar situation. I realized after the fact that this should actually include that stub of Vallejo as part of the project site, because that's how it's leased right now.

Commissioner Woo Ho - Is it considered part of Seawall Lot 323 or 234?

Jonathan Stern - Technically it's part of neither but it is operated together.

Commissioner Woo Ho - Okay, thank you. I have another question. I'm not clear 100 percent on the hotel rooms. I heard that there would be performers staying at the hotel. How many of the hotel rooms would be for actual public versus how many would be reserved for performers?

Mark Hornberger - Right now we're working on what that mix might be. We said roughly 175. I think the plan shows 177 rooms right now. There's discussion of somewhere in the range of five to eight of those rooms being reserved for performers over a long period of time.

Commissioner Woo Ho - I just wanted to clarify because also that doesn't mean that we would have semi-permanent housing there for performers, given we just passed a legislation in the city. We need to be sensitive to those rules on what the temporary housing is allowed. I just wanted to be clear on that since we're not hearing anything and it's preliminary at this point. In terms of how this will all economically work out for Teatro Zinzanni, Kenwood partners and for the port, has there been any projections made or has that not occurred yet?

Jonathan Stern - The same way Teatro and their partners are in a conceptual stage for design, we're in a conceptual stage for economics, both in terms of the economics of the project and the economics to the port. Teatro, as in the last time around, recognizes the port gets a certain amount of revenue from parking from this site. They understand that that's part of the economics the port is looking for. The port has been communicating to Teatro once you add a hotel to the mix, we need to all look at the economics of grounded lease hotels as well, which traditionally after a certain period, have percentage of growth participation rent. We've looked at it together on a very conceptual level. Those are some of the principles that we are starting to discuss.

Commissioner Woo Ho – Okay, I understand the conceptual level. I also understand that no investment partner would pursue this. In terms of passing this on as a sole-source lease to the Board of Supervisors, without having details, we would have a sense of confidence that the numbers work for everybody in the deal.

Darius Anderson, Kenwood Investments - On behalf of the investment partners, I can say that the financing is already in place. We've done a thorough underwriting, both working with our own analysis as well as working with outside consultants that understand the marketplace, PKF, who many of you may know, has looked at our underwriting. We've looked at everything from construction costs to port revenue to all of those factors. We wanted to make sure that the economics stood the test before we even brought it to you. That occurred months ago before we sat down Norm and said, "Yeah. We actually think a hotel will work in this location." We're very confident that it will. We've got the financing in place to be able to make it work.

Commissioner Woo Ho – Okay, we will look forward to having more detailed information in the future.

Commissioner Murphy - Thank you, Jonathan for your presentation and I want to thank all the passionate speakers who spoke positively about this project. I've seen the show several times and have enjoyed it every time I've seen it. Why wouldn't I welcome back a former tenant in good standing to the port? Especially I know that's going to come in and put up their own money and invest in that particular block. My hat's off to you for doing that. The architect sketches are preliminary but they're on the right track there. There's

a lot of nice open space and parks and you can see right through. I like it. You should try and work out a good relationship with the port and good luck.

Commissioner Adams - I'd like to thank everybody for coming out today. This project is a lot of courage, very bold. They always say art imitates life. This is a tough project. There will be people that will be against this. But listening to the speakers, I think this is worth fighting for, no matter what happens. I had a chance to see one of the shows. Since I've been on this commission, no matter what happens, somebody is going to say something negative. Monique gets phone calls now telling her, "You've got too many cruise ships in." What are we supposed to be doing? If we didn't have any ships coming in, they would be complaining about that. So I think that's okay. I also like what Commissioner Woo Ho said. Darius you said something about the financing. With all the thoughtfulness and all the right partners together, this could be a win-win situation. Only in San Francisco would something like this really happen.

If you really think about like 80 years ago what was happening in San Francisco. This was a waterfront that the longshoremen and the National Guard and the police were fighting. There was bloodshed all over the waterfront because the unions were trying to organize. Eighty years later, who'd have ever thought you'd have a cruise terminal named after a longshore leader, Jimmy Herman. But that's what makes San Francisco a little bit different. I like to think in this city that we're like family feud. We have differences of opinion and stuff like that. Even the Giants, I look at cities like LA and New York, and they pay all this money for all these brilliant people. In San Francisco, we seem to be a city of misfits, but we seem to win World Series. We seem to get things done. Because I think together, we collectively put our resources together. At the end of the day, we find a point where we can all agree on something that works out best for everyone. This is iconic to have this there. I agree with Brother Torro that people from the cruise ships and stuff like that will go there. This is our city that we're preparing for the next generation. The average age in the city is 27 years old. This younger generation, they're going to appreciate this blueprint that we are leaving on this city because this will have positive ramifications for years to come. My grandmother only had a 3rd grade education but she said the purpose of education is to replace an empty mind with an open mind and that's what we're doing in educating this. I see your next steps are you're going to go into the community. You're going to build relationships. I think when things are done methodically, slowly, and you bring the community in, this can be a win situation. To me, I love the arts. I was on the film commission for four years. I was a thespian in school. I did a lot of theater in school. I like going to New York to Broadway to see some of my favorite actors on Broadway that have went from the theater onto the big screen, whether it's Daniel Day Lewis or a Denzel Washington. They add an excitement to our life. They add passion and the arts, music, politics, and business. This defines America. This defines San Francisco.

I really appreciate all the passion. At first, I thought this was like a memorial service. Everybody was getting up talking. That's something that you really want in your life, for people to get up and say nice things about you and the impact that this has had. It really meant a lot to me, and it struck a chord with me, because if I were to die, I'd want people to get up and say all these nice things. What you said about his company and what it was about speaks volumes. A lot of people would die and live their lives and nobody would ever say anything nice about them because they never did anything. The impact that you have all had, me and my commissioners, we've heard. It impacted me because you didn't have to be here but you spoke from your heart. You'll do whatever is necessary to take it to the next level.

Commissioner Woo Ho - Keying off of what Commissioner Williams said about your next steps in terms of community outreach. Since you're moving a little bit differently from where you started and one of the comments that I received, which will be entered into the public record, is to link what you're doing in that site and its vicinity to Chinatown. I hope that you will leverage two things. One, the fact that you are going to be very close and leverage what your relationship is with Chinatown and the community there. Secondly, given that this is a pacific-facing city and that we are seeing obviously our interactions with Asia increase more and more and we see that you also reflect that in terms of your staff programming, thinking about the future, how you can make San Francisco a little bit more unique in what it offers its visitors in that regard. This is just a comment and suggestion. I want to reiterate to leverage your relationships with your community and for the Chinatown community as well.

Commissioner Katz - I want to thank everyone for coming out. I'm not quite like the gentleman who said he'd seen the show 400 times. I did lose count. I went many times and loved it. I brought a friend's daughter with me one evening because she was thinking of going into the theater. She ended up going to SoCal School of the Arts because she was so excited by the presentation she saw and of course, the fact that Joan Baez sat down with us I think made quite an impression on her as well.

I want to thank you for all of your work on behalf of various charities and non-profits around the city. I went to a number of events there where you opened up the tent and then did your part to be a good steward for so many organizations in the city. Thank you for that.

I'm excited about Teatro Zinzanni coming back. It was a wonderful addition to the waterfront. As we listen to everyone speaking so passionately, I do want to address a couple of issues that as Commissioner Adams mentioned, we'll get criticized no matter what we do. I'd like to bring it up now and see if we can get a bit more of an explanation on why a sole source. I understand it but I'd like to see if I could hear from some of the proponents to articulate exactly

why it will be a sole source and so that we'll be able to be in a better position to make that case to the board as well.

Darius Anderson - Again, this is an opinion. From the standpoint, I would say two things. One, when the port came to Norm, they had two years left on their term. They very graciously agreed to go ahead and work with the port to go ahead and move. They had been a great partner, as you said, in good standing, Commissioner. San Francisco really has to look at what is the purpose of sole source and when do we go ahead and use it? I think Norm can speak for himself, but the fact of the matter is, if we don't move quickly, Norm is looking at two or three other sites across the country and guess what? They won't be here. So if there is any time to go ahead and use a sole source, I think it's on this particular spot.

The fact of the matter was there was a hotel proposed on this site. It didn't eventually work. Under California State law, there is the opportunity to sole source. You have legal right to go ahead and do that. For us, as a developer, we've spent a lot of time with Norm over the past 8-9 months, putting everything together so we could move as rapidly as you want to move so that we're ready to go both on a short-term strategy as well as a long-term strategy. What I mean by that, as a developer, we're willing to go ahead and put Norm up in another location to go ahead and get him going in the city beforehand so that we can get the customer base back, get people excited about that. What that'll ultimately mean to the bottom line of the project is it's going to be more expensive.

We really believe that, if the Board of Supervisors and the Port Commission are committed, we have the resources to be able to move rapidly to get them back in the marketplace and that's the key factor. You've heard it here today from a smattering of people who have been here. If you look across the board, every single area of this city, as well as the bay, folks want this back and they want it back now.

We had to make the sacrifice, as a developer, to say, "Hey, we'll bring them back. Maybe it's on Lot A." Many of you recall I did bid on Lot A. If you recall my theme on that was art first. We were actually going to create an art village and go ahead, because we believe that subsidizing artists was something that's really important.

At the end of the day, we compromised with the Giants so they could go ahead and build their dream. This to me is an extension of that. It's important for us to be able to support Norm's vision, and all the artists that work in and out of this.

Norman Langill - I've been the person responsible to bring Teatro Zinzanni forward in the last three years. We were given, by the city and by the port, the sole-source agreement. In the agreement, it mentions Teatro Zinzanni with no

real method about how to do it, how to bring it back. I had to figure out how was I going to bring it back, not as a temporary site, not with plastic hoses connected to water lines. You should have seen what was under the tent when we pulled it up after 12 years. It made it clear it had to be a permanent site, whatever it was, that it was going to be there at least for 15 years.

For me, I've been working with that idea that it's been a sole source since I got it. I was sent out very importantly to talk to the neighborhood groups and the various city officials to get their input. That process was long. We got a lot of opinions about how to do it. Many of those were actually really good ideas on how to do it.

During that process, it occurred to me that what was thought of in the beginning, we were at the wrong size. I keep thinking of Goldilocks and the three bears all the time because we were too small and it didn't work. If we were too big, it wasn't going to work. What was the right size for us to be permanently commit years of time of everybody involved to have this thing sustain over time and that's where the multiuse came up.

For me, I've been on the same path of sole source since I was given it. Nobody came to us to help it. I had to go out and find the help that I needed and Darius stepped forward. He worked with us and he was capable of adding that extra element to make sure that it happened.

From my perspective, from Zinzanni's perspective, we've been on a sole-source route since August of 2011. It was never in writing what it should be. It was just bring Zinzanni back in that agreement. In order to bring Zinzanni back in this day and age, today and now, have it be here for 66 years, I'd like to be here when I'm 128 so it's a sole source for me. It's a reason to live I guess. I want to thank you for your time. From my perspective, it has always been a sole source.

Commissioner Katz - As I'm trying to envision it and having been involved previously with the Hotel Vitale when I was the Board of Supervisors working to bring the idea of a transit museum and focus on Muni and transit as well as combining that with a relatively low-height hotel. I think that I would see that as somewhat analogous situation. Again, it's on the other side of the Embarcadero, not on the waterside but it was the other side as well. I think there are some similarities, if I'm not mistaken, to that.

Today was an informational presentation. It was a treat for us to have all of you come and speak today and appreciate the passion, the ideas we'd love to have a tenant back in good standing. I, for one, would love to come back and see more shows at Teatro Zinzanni and see who comes in next as some of your special guest appearances. Jonathan, please run through the next steps. Again, this is an informational for the Commissioners. Then we'll go to the Board of Supervisors.

Jonathan Stern - The City Admin Code 2.6-1 is something that only the Board of Supervisors can waive from a competitive solicitation process. There'd have to be a resolution heard and approved at the board. At that point, we'd be happy to bring an exclusive negotiating agreement back to the Port Commission for their consideration and approval once the parties have agreed on business terms. Then that would launch a process to design a project, have input both from the Port Commission and the community. It would also involve in developing a term sheet for the Port Commission's approval. At that point we would need fiscal feasibility from the city and then moving onto entitlements.

Commissioner Woo Ho – I have a question on the process. I know this is an informational presentation and it is the Board of Supervisors' responsibility to do a sole-source waiver. It does strike me that we, as a commission, should at least have some position, not just saying we heard the presentation, but that we took a position on whether to support moving to the Board of Supervisors for sole source.

Commissioner Katz - That's why I asked for the question to articulate the sole-source rationale. Colleagues, is there a sense that we would agree with the staff recommendation and urge that it go forward to the Board of Supervisors?

Commissioner Woo Ho - That should be on record so that it's more than we just heard the proposal and did not have any other reaction other than our own comments. There should be a little bit more of a formal endorsement to move it to the Board of Supervisors.

Commissioner Katz - I don't think a formal motion is necessary and certainly hasn't been noticed. The clear directive, unless I hear otherwise from my colleagues, is for that course of action to be pursued.

Jonathan Stern - Port staff is very happy to have the concurrence of the Port Commissioners.

Commissioner Katz - I think you have the concurrence. Is that correct, colleagues?

Commissioners Adams, Murphy and Woo Ho - Yes.

- B. Request by Bay Area Air Quality Management District for waiver of annual license fees related to five bay area bike share stations on Port Property, (Resolution No. 14-54)

Kanya Dorland, Port Planner - I'm presenting a request for a 12-month rental fee waiver extension for the bike share stations on port property. In addition, this presentation will also request approval for an expansion of the program

stations on port property and an additional 12-month rental fee waiver if they are requested.

This Port Commission approved five bike share stations on port property in July 2013. Please find on the screen a map of the current bike share stations. Currently, there are four bike share stations on port property. These stations, from North to South are the Roundhouse plaza station, which is at Embarcadero and Sansome and the Embarcadero at Vallejo bike share station, which is on the sidewalk. The Embarcadero at Market bike share station, which is at Harry Bridge's Plaza and the Embarcadero at Stewart station, which is also referred to as Gap Plaza and the Embarcadero at Spear station.

The Port Commission approved a fifth bike share station at Pier 40. This station was not installed. It is not certain that this station location will be pursued. The bike share sponsors, which are the Bay Area Air Quality Management District, the Metropolitan Transportation Commission, and the San Francisco Municipal Transportation Agency, requested a rental fee waiver for the program in 2013.

This Port Commission approved this rental fee waiver. The main reasons are the program is expected to benefit the public trust. The program was not expected to generate a profit for its initial years. The status is it's launched in August 2013. It's very popular. It's heavily used. There have been no complaints about the stations on port property. The bike share stations on the Embarcadero are also among the most popular. Behind Caltrain, the Harry Bridges Plaza Station and the Roundhouse Plaza Station are among the top 10 stations. The Harry Bridges Plaza and the Embarcadero Sansome Plaza are also the most popular route to take among the bike share stations in San Francisco. This connects the Ferry Building, regional transit providers with the employers in the Northern waterfront and with our special events in the Northern waterfront, such as America's Cup and our other waterfront destinations.

This August, the bike share sponsors and the bike share operator, requested another 12-month rental fee waiver extension for the program. Using the 2013 fee waiver criteria as a guide, staff reviewed the program's financial statements for the last 11 months and determined that the program is not generating a profit.

The program is generating revenue but at this time, the revenue is about 85 percent of the program expenses. It doesn't meet it or exceed it. Additionally, staff reviewed possible uses for the locations and determined that there were no complaints about the program. Based on the use data I mentioned, the program is benefiting waterfront visitors and thus the public trust.

Outside of staff time spent evaluating the program and preparing staff reports and agreements, no port funds have been spent on this program to date. For this reason, staff recommends that the requested rental fee waiver be extended for another 12 months. The resolution before you would amend the bike share license to extend the rental fee waiver for the term of the license, which will end in September 2015 and reflect the current level of bike share stations and the total area occupied.

The program is expected to continue beyond the pilot period, which was one year, and the expansion is expected with funding from the bike share sponsors. For these reasons, the resolution for your consideration today would allow an expansion of the program location, should they be requested and should the station locations meet the location criteria provided in the previous staff report. This criteria considers view corridors, public access, Americans with Disability Act circulation requirements and impacts on revenue generating uses or potential.

The resolution also requests an approval of an additional 12-month fee waiver, should it be requested. To explain this request, based on staff research, bike share programs in other locations have taken a few years to work out the optimal operational system and generate a profit. Should this program revenue still not meet or exceed its expenses by year two and this status can be demonstrated through financial statements that meet the satisfaction of the Port Executive Director, an additional fee waiver would be granted.

Since there have been reports in the news about the future of bike share and the bike share program, I've invited the bike share program sponsors for the San Francisco program here today, which include Bay Area Air Quality Management District and the San Francisco Municipal Transportation Agency, and also Bike Share in case you have any additional questions.

Commissioner Murphy - Are there any other stations besides on the waterfront?

Kanya Dorland - Yes, they're all over the city. They have some over on Broadway but I don't see them around the neighborhoods that much. They're primarily in the Financial District, connecting with the regional transit providers for commuters. The goal of the program was to provide transit options for the last mile of your transit connection from Caltrain to the Financial District. I've invited MTA and BAAQMD to explain the expansion of the program. I believe there is a desire for it to expand into the neighborhoods.

Heath Maddox - I'm a Bicycle Sharing Program Manager for the City of San Francisco. I'm a planner with the SFMTA. There are a total of 35 stations in San Francisco which is part of the initial pilot rollout. They're basically spread out between our offices at Market and Van Ness and the waterfront,

extending North and South of Market Street into SoMA and the Civic Center Neighborhood and the Financial District. Initially the project was supposed to have launched with 50 stations in San Francisco. We have been funded for about a year now for the missing 15 stations.

Initially, the plan was to distribute those stations in the same service area that I just described. However, when we're able to make a purchase, we will actually expand the service area to extend up Market Street as far as the Castro and then down into the Mission is our plan. Beyond that, we are working with our regional partners to find a sponsor in lining up additional public funding.

Our initial planning work and suitability work shows that in San Francisco, we could easily accommodate 2,500 to 15,000 bikes. There will be 250 to 3,000 stations roughly and that would basically cover the entire northeast quadrant of the city with stations sprinkled out elsewhere as well.

Commissioner Woo Ho - You're requesting specifically on the waiver. Before we get into that discussion, could I understand lessons learned so far from the bicycle program. I just observed myself by looking at it, it doesn't seem like we have heavy usage yet. I don't know whether that's lack of knowledge or publicity or we're finding that people are not using it the way the patterns show. I'd like to have a little bit more sense of what is going on with the program. I understand we want to expand it more. We all agree that the concept is good in the long run. What are the lessons learned so far on what's working, what's not working? Then we can address the issue about the fee waiver from the Port's standpoint.

Kanya Dorland - It's an excellent question. The Bike Share Program is a pilot. It includes a study. Karen Schkolnick, BAAQMD staff, will explain lessons learned so far.

Karen Schkolnick, Bay Area Air Quality Management District - I want to thank you so much for your support of the program so far. Taking a step back, to answer the previous question, the program is assessing the feasibility of bike sharing, not only in San Francisco, but we also have the program taking place in four other communities in the Bay Area. We also have stations in San Jose, Redwood City, Mountain View, Palo Alto, and San Francisco. In terms of lessons learned, we are only one year into the pilot. We have some more data to collect. We're actually finding that in San Francisco, it has been a phenomenal success even though we don't have enough stations to really support it. We're not really in the neighborhoods yet. There's some use cases.

The data is showing that it's heavily used, the majority of the users are annual members. They comprise over 80 percent of the trips. We saw that the Caltrain station is the number one site in San Francisco. Those folks are picking it up at Caltrain, taking it to their job sites, taking it to lunch, taking it

for an afternoon stroll around the waterfront. There're a lot of really positive use cases. That speaks to the fact that you have 35 stations in San Francisco and that's why we see the greatest usage.

In terms of lessons learned, 35 stations is a very small system when you compare that to other systems across the nation or other parts of the world. It's one of the smaller systems compared to several hundred stations in Chicago or New York. We're just at the beginning but that said, we're very pleased with the one-year results but we need some more data and some more time.

Commissioner Woo Ho - Did you set some goals for what you consider success?

Karen Schkolnick - Absolutely. From the Bay Area Air Quality Management District, we're looking at the ability of the program to reduce single-occupancy vehicles such as helping folks to get around improve mobility in the communities without using cars. So that's one of our metrics. We're also going to be looking at how that improves air quality and reduces greenhouse gases. I know in San Francisco and the other communities they have other metrics. So how to quickly get people around, reduce congestion, also improve economics by getting people, for example, to get to lunch faster during their lunch hour, because they have the ability to travel further. We have a list of other kinds of metrics that I'd be glad to tell you about them right now or we can also forward that information.

Commissioner Woo Ho - We're trying to understand. Obviously, we'd like to see this program be very successful. I have two observations. You're recording success but many of us are recording more congestion and traffic on the streets right now in downtown San Francisco. We don't necessarily see what you're saying in terms of the reduction of mobility of cars. It's going the other direction right now. It would be nice to understand how that all fits together. I'm going beyond the charter of what we're trying to discuss as far as the actual topic on the agenda, but it's important for us to get the context of how the program is operating and working. So that's my question, is it lack of stations? Is it because people don't know enough about it? What's going to make this program really successful in the long run? What I'm hearing from you is you think that there're not enough stations.

Karen Schkolnick - It's not enough stations, not enough equipment, and it's not enough time. There have been over 300,000 trips taken in one year. 90 percent of that is in San Francisco. Approximately 280,000 trips were taken with just 350 bicycles. That's why in San Francisco, the program is very successful.

When you look at the other communities in comparison, it's very strong, the relationship between the lack of infrastructure and numbers. In San

Francisco, we feel confident that by being able to bring the other 15 stations to round out the pilot and then, as Heath mentioned, double it and triple it and then bring it up 10 times. That's when we truly grow to a post-pilot program and actually become a transit alternative and complement, that's when we really can make visual differences in congestion, as you were describing. For now, we do feel that with our 300,000 trips, 280,000 of which have been taken in San Francisco, while there's still congestion, we do feel that we have been able to get people out of cars and move them around.

Commissioner Woo Ho - My other question, which is more of a port-related question is the fee waiver. I certainly understand while the program is still getting up and running and we are not encountering any costs, but we're also not encountering any revenue opportunity. My question is why the request to look at 24 months out when it seems like another 12 months would make more sense and see how it goes. Once the program can be successful, then it would be nice to share in some of the upside. It just seems like it's too early for us to have to commit to 24 months.

Kanya Dorland - We're still doing it just for 12 months, because this way this involves us in reviewing their financial statements annually and making that determination annually. When looking at bike share programs worldwide, the trend seems similar to the small business where it takes a couple of years for a small business to flourish.

Commissioner Woo Ho - I understand that totally but we're committing so early. Why commit so early or we can decide that this is something that the port is going to do as a public community benefit and won't charge. If we want to view it as a business opportunity, it's a little too early to waive so much in advance in the next 12 months or whatever the extension is.

There was something that kept extending it even further, which is why I'm making this comment or we recognize that this is a community benefit and we commit to it one way or the other. We need to understand since it's being presented that there's no cost or consequence to the port. We give up some space somewhere and we do not have to incur any costs but there could be a little bit of revenue potential down the road.

Commissioner Katz - Correct me if I'm wrong but we already have approved that we want this pilot project on port property and that anytime you have a pilot project, you have to wait and see and get the results. What we've just discovered is that at this juncture, in terms of having to pay fees for the sites, it doesn't pencil out yet. But as part of the pilot project, we would be granting a fee waiver and then reexamining this in a relatively short period of time. It seems to me that we've already said that this is something that we want to support and have articulated our support for the project. It's not a matter of whether we really look at the finances per se, but that you've come back to us that it's no cost to the port. We're getting a lot of benefits from what seems

like very high numbers of usage. We should probably only be seeing that going up. It's really just a matter of whether we want to continue the policy that we've approved and the contract that we've agreed to allow this project to go forward. Is that right?

Kanya Dorland - Yes.

Monique Moyer - Our analysis is that it's going to take much longer for the project to reach sustainable operations. (The rest of the comments were not recorded due to technical difficulties)

Commissioner Adams - I understand what Commissioner Woo Ho was saying. It's kind of a labor of love. It sounds like they need until August 19, 2016 and I can support that. It's still a work in progress. It is a pilot program. We're not out of anything. We support that. We do want to see more bikes and we do want to cut down on congestion. I can support that. Commissioner Woo Ho, what was your problem with it?

Commissioner Woo Ho - I certainly want to see something after the pilot program is over but now it looks like we're already putting new projects out there. Maybe the other question should be asked, what's going to change now that you have some lessons learned? What are you going to do differently to increase the usage in program?

Are you saying the 35 stations by themselves can never reach the point of what you need to do to get financial feasibility? Or is it going to require you need to have X amount of investment to get to the point of breakeven? I mean there are always choices in these projections. You can either continue business as usual. You could increase your investment, get a better return. I'm just trying to understand from where. Monique has just referenced, somebody has done a projection that says, "We don't think this is going to be financially feasible for three years." That's based on the fact that there will be no new stations or what are the assumptions behind that?

Kanya Dorland - That's based on other bike share stations in other parts of the country and in places like Paris that these programs take a while to take hold. Like a new business, they need a couple of years before they can realize a profit.

Commissioner Woo Ho - I understand that. But it sounds like somebody already made some assumptions. From my standpoint, it's a small thing and it is a labor of love. If we're trying to view this as a business thing, then I would say review it again. If not, then we are doing it as a community benefit.

Kanya Dorland - The resolution says if the bike share program is still not generating enough revenue to cover its expenses and the financial statements are provided in a manner that proves that, and the fee waiver is

requested, then we would grant it. We're not just granting it blindly. We're willing to in advance to coming back to the Port Commission, understanding how these other bike share programs have operated, offer a fee waiver for another 12 months if it's requested and it's the same conditions.

Commissioner Woo Ho - What's the timing of why you're coming now.

Commissioner Katz - I appreciate the fact that you're trying to save the commission time and energy of having to continually review this and do an analysis, that we can take a look at the existing projections and expect that there is a chance that a continued waiver will be necessary. Given that we have other reasons for supporting the project, we might as well do that now so that we don't have to cause further brain damage.

Commissioner Woo Ho - I'm trying to understand why come now then? What's the timing of coming to the commission now? I understand we don't necessarily want to take up a lot of commission time to keep coming back on one particular topic like this.

Kanya Dorland - We are basically trying to kill two birds with one stone. If they request it, we would allow them to expand the program on the waterfront. If they request, we would allow them to get a fee waiver if the program is still not generating revenue past expenses but it is doing very well. I think the revenue is \$1.1 million and the expenses are \$1.3 million. It's not like it's way off and it's not generating any revenue. It is generating revenue so it could be profitable.

Commissioner Woo Ho - So it's getting close. Because it seems like we're narrowing the gap. I don't know what the last month would say. Normally what you would see in a business opportunity like this is that gap begins to narrow more and more. You give us the accumulative number of \$1.1 million versus \$1.3 million.

Commissioner Katz - It expired though, didn't it? That's what I think the issue is. The original waiver expired in August so that you had to come to us at any rate so you might as well be anticipatory. Am I correct?

Byron Rhett, Planning and Development, Deputy Director - Yes it did. The reason we're here is because this was a 24-month project that you approved. You only approved the waiver for one year, for 12 months. That waiver has expired. We're here to request that you approve a second waiver. While here, we're asking for authorization that staff, if the conditions are the same and if you are to approve the waiver today, if those conditions are the same next year, that staff, based on your approval today, assuming you do that, would be able to approve a third waiver. We're asking for that in advance. As the president has indicated, we're saying, same conditions. We believe the staff could make that analysis.

Commissioner Woo Ho - I understand that. If the program is profitable by August of 2015, then there won't be a second waiver?

Byron Rhett - Right. If they either don't request it because the project is successful or they request it and we find, based on the financial analysis they provide that they can pay, then there would be no waiver. Assuming that the conditions are the same as they are today, you would be authorizing the director to approve that third waiver. So we're talking about a three-year period, at the end of which, we would be back before you.

Commissioner Woo Ho - So then we don't know. You're getting very close; it's a \$200,000 difference. I don't know what the monthly projections are, because it's really the closest, most recent projections or your most recent history is probably more accurate in terms of a month-to-month basis than looking at it from the beginning.

Karen Schkolnick - Sure and also for context, we send monthly reports to port staff. They're not waiting a full year to see what's happening. They are seeing the information on a month-to-month basis. I do want to point out that the difference in the \$200,000 after one year of operations that only takes into account the day-to-day operations. That doesn't take into account any of the cost of the acquisition of equipment, which was \$6 million, 50 percent of which is in San Francisco. It also doesn't take into account the fact that we should have acquired additional equipment but there have been delays. Kanya referred to some of them. There have been some changes in the industry. There was a bankruptcy in our equipment provider, which is why we're delayed in the pilot in expanding, buying the other additional 15 stations. We now feel that many of those hiccups have been worked out in the industry. There is a new owner. The industry is stabilizing. So we are gathering ourselves, getting ready to place that second expansion order going forward. Those numbers that you're talking about, the \$1.1 million versus the \$1.3 million, it's a moving target and it doesn't take into account the cost to actually acquire the equipment. It's just the day-to-day operations. Which is why our feeling is that without private sponsorship, which is how the systems ultimately become profitable or without changing the business model, which means charging more for the service, which is not how the system is designed because we want to encourage participation in bicycle use versus vehicle use.

Until we make a change, as you mentioned, it's not foreseeable that we would be net profitable within the next year. But we would be hopeful that within two years, we might be able to secure additional private sponsorships or be able to start considering new kinds of business models to make the program financially sustainable going forward.

Heath Maddox - I would just like to make one more comment about the question of profitability. There are somewhere in the neighborhood of 40 bike sharing systems in the United States right now. One of them is profitable and that's in Miami Beach. All of the other systems, including the big ones in places like New York and Chicago and Minneapolis and Denver, they operate at a loss. The business model makes up for the difference between public funds and private sponsorship. I do think that we can achieve operational self-sustainability here in San Francisco if you don't count the enormous capital cost of the equipment. But I don't think it'll ever happen at a scale of 350 bikes. We need closer to 1,000 to 2,000 bikes to really be sustainable but so profitability won't happen here.

Commissioner Katz - Thank you for coming forward. I recognize and appreciate what you were doing in terms of trying to be anticipatory. I hope you take the questioning today as a sign that we are actually very excited about the program. We want to see its success. We're thrilled to have the added support for reducing some of the congestion at the port. We already have a lot of traffic along the waterfront anyway. So anything that can be done to improve it is a huge help. I'm very pleased to hear how many rides have already been taken both to and from port sites. I'm anxious to see the program expanded and thrilled that the port can do their part to help this along. It would be nice for us to get an update periodically on the project, in part because it's another opportunity to spread the word about what's happening to the public and those that observe it.

Kanya, I want to thank you for bringing this forward and recognizing and anticipating some of the steps and needs to take to ensure the success of the project.

ACTION: Commissioner Adams moved approval; Commissioner Murphy seconded the motion. All of the Commissioners were in favor; Resolution No. 14-54 was adopted.

13. NEW BUSINESS

Commissioner Adams - Director Moyer, I haven't heard in a long time about the restaurant behind the Ferry Building. We've had discussions about it that it was going to be a steak house. Is there any update or can we get an update in the near future

Monique Moyer – They are in negotiations. The item will be coming forward to the Commission for presentation shortly thereafter.

14. RECONVENE AND ADJOURNMENT

ACTION: Commissioner Woo Ho moved approval to reconvene in closed session; Commissioner Murphy seconded the motion. All of the Commissioners were in favor.

At 6:17 p.m., the Commission reconvened in closed session.

ACTION: Commissioner Adams moved approval to adjourn closed session and reconvene in open session. Commissioner Murphy seconded the motion.

At 6:28 p.m., the Commission reconvened in open session.

ACTION: Commissioner Adams moved approval to not disclose any items disclosed in closed session; Commissioner Murphy seconded the motion.

ACTION: Commissioner Adams moved approval to adjourn the meeting; Commissioner Murphy seconded the motion. All of the Commissioners were in favor.

Port Commission President Leslie Katz adjourned the meeting at 6:30 p.m.

SAN FRANCISCO PORT COMMISSION

Leslie Katz, President
Willie Adams, Vice President
Kimberly Brandon, Commissioner
Mel Murphy, Commissioner
Doreen Woo Ho, Commissioner

Monique Moyer, Executive Director Amy Quesada, Commission Secretary
Phone: 415-274-0400; Fax 415-274-0412 Phone: 415-274-0406; Fax 415-274-0412

MEETING AGENDA TUESDAY, OCTOBER 28, 2014 2:00 P.M. CLOSED SESSION 3:15 P.M. OPEN SESSION

PORT COMMISSION HEARING ROOM, SECOND FLOOR
FERRY BUILDING, SAN FRANCISCO CA 94111

The Port Commission Agenda as well as Staff Reports/Explanatory Documents available to the public and provided to the Port Commission are posted on the Port's Website at www.sfport.com. The agenda packet is also available at the Pier 1 Reception Desk. If any materials related to an item on this agenda have been distributed to the Port Commission after distribution of the agenda packet, those materials are available for public inspection at the Port Commission Secretary's Office located at Pier 1 during normal office hours.

1. CALL TO ORDER / ROLL CALL
2. APPROVAL OF MINUTES – October 14, 2014
3. PUBLIC COMMENT ON EXECUTIVE SESSION
4. EXECUTIVE SESSION

GOVERNMENT
DOCUMENTS DEPT
OCT 24 2014
SAN FRANCISCO
PUBLIC LIBRARY

A. Vote on whether to hold closed session.

(1) PUBLIC EMPLOYEE PERFORMANCE EVALUATION (Discussion Item)

Monique Moyer, Port Executive Director. Discussion of Performance Evaluation pursuant to Section 67.10(b) of the Administrative Code and Section 54957(b) of the California Government Code.

5. RECONVENE IN OPEN SESSION

- A. Possible report on actions taken in closed session pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

- B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

6. PLEDGE OF ALLEGIANCE

7. ANNOUNCEMENTS

- A. Announcement of Prohibition of Sound Producing Electronic Devices during the Meeting: Please be advised that the ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing of or use of a cell phone, pager, or other similar sound-producing electronic device.
- B. Announcement of Time Allotment for Public Comments: Please be advised that a member of the public has up to three minutes to make pertinent public comments on each agenda item unless the Port Commission adopts a shorter period on any item.

8. PUBLIC COMMENT ON ITEMS NOT LISTED ON THE AGENDA

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during Public Comment Period. A member of the public has up to three minutes to make pertinent public comments. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406. No Commission action can be taken on any matter raised during the public comment period for items not listed on the agenda other than to schedule the matter for a future agenda, refer the matter to staff for investigation or respond briefly to statements made or questions posed by members of the public. (Government Code Section 54954.2(a))

9. EXECUTIVE

- A. Executive Director's Report
- Successful completion of Drydock #1 loading operation and departure of the *MV Tern*
 - Monique Moyer elected President of the California Association of Port Authorities, October 2014
- B. Commissioners' Report

10. CONSENT

- A. Request authorization to accept and expend a \$67,500 grant from the California Department of Parks and Recreation, Division of Boating &

Waterways, Surrendered and Abandoned Vessel Exchange Program to allow for removal, storage and disposal of eligible surrendered and abandoned vessels within the Port of San Francisco. (Resolution No. 14-55)

- B. Request authorization to submit to the Board of Supervisors Teatro Zinzanni's request for a waiver of the competitive bidding policy set forth in Administrative Code Section 2.6-1. (Resolution No. 14-58)

11. ENGINEERING

- A. Request authorization to award Professional Services Contract RPT1415-01, Earthquake Vulnerability Study of the Northern Waterfront Seawall, to GHD/GTC JV, a joint venture, in the amount of \$425,000, and to authorize staff to increase the contract amount, if needed for unanticipated contingencies, by up to an additional \$42,500 (10% of \$425,000) for a total of \$467,500. (Resolution No. 14-56)

12. REAL ESTATE

- A. Request authorization to seek California State Lands Commission approval to terminate the Public Trust over Daggett Street pursuant to SB 815 (Senator Migden; 2007). (Resolution No. 14-57)

13. NEW BUSINESS

14. ADJOURNMENT

**CORRESPONDENCE TO THE PORT COMMISSION
OCTOBER 10-23, 2014**

- From Andrea Alexandra Chirkoff, support for the proposed relocation of Teatro Zinzanni
- From Malcolm Yeung, support for the proposed relocation of Teatro Zinzanni

**FORWARD CALENDAR
(TARGETED COMMISSION MEETING, SUBJECT TO CHANGE)**

NOVEMBER 18, 2014 – SPECIAL MEETING

	FACILITY/POLICY	ITEM	TITLE
1	Pier 38	Informational	Presentation on Pier 38 Bulkhead Building Rehabilitation Project with TMG Pier 38 Partners, LLC, located at Delancey Street and the Embarcadero.
2	Pier 33½	Informational	Presentation regarding the request for proposals for the retail opportunity at Pier 33½
3	Piers 68/70	Informational	Presentation regarding Lease No. L-15875 with BAE Systems San Francisco Ship Repair, Inc., a California corporation, for approximately 14.4 acres of land improved with 19 buildings, 17.4 acres of submerged land and Port-owned Equipment, including Drydock #2, the Drydock Eureka and the Shoreside Power System (the "Shipyard"), for a term of 20 years with two (2) five (5) year options; the Shipyard is located at Piers 68 and 70 and Sea Wall Lot 349 near 20th and Illinois Street
4	Piers 94/96, 48/50 Marginal Pier, and SWL 318 Round House Building	Action	Authorization to award Construction Contract No. 2769, Port Security Fences, Phase IV
5	Portwide	Action	Authorization to issue an informal bid for a Financial Advisor Contract
6	Portwide	Action	Authorization to enter into a contract for Youth Employment Services
7	Portwide	Action	Authorization to enter into a contract for Emergency Operations Training.
8	SWL 337 and Pier 48	Action	Approval of the Third Amendment to the Exclusive Negotiation Agreement between the Port of San Francisco and Seawall Lot 337 Associates, LLC for the lease and development of Seawall Lot 337 and Pier 48 bounded by China Basin Channel, Third Street, Mission Rock Street, and San Francisco Bay and adjacent to AT&T Park
9	Daggett Street	Action	Approval of Memorandum of Understanding between the Port and the City's Real Estate Department authorizing the jurisdictional transfer of the Daggett Street Right-of-Way from the Port to the City for a transfer fee of \$1.6 Million

DECEMBER 16, 2014 – SPECIAL MEETING

	FACILITY/POLICY	ITEM	TITLE
1	Pier 80	Informational	Presentation on Cargo Marketing Plan for Pier 80 in conjunction with Metro Ports and the International Longshore and Warehouse Union
2	Portwide	Informational	Presentation on Water Taxi Operations at the Port
3	Pier 33½	Action	Authorization to award the RFP for retail opportunity at Pier 33½ to most qualified bidder and to direct staff to negotiate a lease
4	Pier 38	Action	Approval of Pier 38 Bulkhead Building Rehabilitation Project with TMG Pier 38 Partners, LLC, located at Delancey Street and the Embarcadero
5	Pier 96	Action	Authorization to advertise and issue a Request for Proposals (RFP) soliciting a developer and operator for a Bulk Export Maritime Terminal Operation at Pier 96
6	Pier 29	Action	Approval to issue a Request for Proposals (RFP) for a Retail Leasing Opportunity at the Pier 29 Bulkhead Building, located at Chestnut Street and The Embarcadero
7	Piers 68/70	Action	Approval of Lease No. L-15875 with BAE Systems San Francisco Ship Repair, Inc., a California corporation, for approximately 14.4 acres of land improved with 19 buildings, 17.4 acres of submerged land and Port-owned Equipment, including Drydock #2, the Drydock Eureka and the Shoreside Power System (the "Shipyard"), for a term of 20 years with two (2) five (5) year options; the Shipyard is located at Piers 68 and 70 and Sea Wall Lot 349 near 20th and Illinois Street

DATE TO BE DETERMINED

	FACILITY/POLICY	ITEM	TITLE
1	SWL 337	Informational	Presentation regarding a special event in excess of 90-days at Port property at Seawall Lot 337, including a review of the special event's proforma, pursuant to Lease No. L-14980 between Port and China Basin Ballpark Company, LLC.
2	Piers 30-32	Informational	Presentation of alternatives for reuse of Piers 30-32
3	Portwide	Informational	Presentation on quality of Port's office space

			portfolio & required improvements
4	Portwide	Informational	Presentation of Public Comments and Recommendations on the Waterfront Land Use Plan Review Report
5	South Beach	Action	Port Commission's consideration of agreements between the Port Commission and the Successor Agency to mutually terminate 13 ground leases in the South Beach project area and set business terms for the transfer of the South Beach Harbor Program
6	Pier 31	Action	Authorization to advertise for competitive bids for Construction Contract No. 2762, Pier 31 Building and Roof Repairs
7	Pier 70	Action	Authorization to advertise for competitive bids for Construction, Crane Cove Park Project Phase 1
8	Pier 94 and 96	Action	Authorization to advertise for competitive bids for Construction, Pier 94-96 Storm Drain and Outfall repairs
9	Loading Dock near Tulare Street	Action	Authorization to advertise for competitive bids for Construction, Copra Crane Refurbishment
10	3rd Street & Cargo Way Triangle and Cargo Way	Action	Authorization to advertise for competitive bids for Construction, Quint Street Lead Improvement Project
11	Pier 35	Action	Authorization to advertise for competitive bids for Construction, Pier 35 Substructure Repairs
12	Pier 49	Action	Authorization to advertise for competitive bids for Construction Contract No. 2772, Wharf J-1 (Pier 49) Under-Pier Sewer Replacement Project
13	Pier 31	Action	Authorization to award Construction Contract No. 2762, Pier 31 Building and Roof Repairs
14	Pier 49	Action	Authorization to award Construction Contract No. 2772, Wharf J-1 (Pier 49) Under-Pier Sewer Replacement Project
15	Pier 33½	Action	Approval of Lease for Retail Opportunity at Pier 33½

NOVEMBER/DECEMBER 2014
CALENDAR OF UPCOMING PORT MEETINGS – OPEN TO THE PUBLIC

DATE	TIME	GROUP	LOCATION
November 18	2:00 PM Closed Session	Port Commission	Port Commission Hearing Room at the Ferry Building
	3:15 PM Open Session	Port Commission	Port Commission Hearing Room at the Ferry Building
December 16	2:00 PM Closed Session	Port Commission	Port Commission Hearing Room at the Ferry Building
	3:15 PM Open Session	Port Commission	Port Commission Hearing Room at the Ferry Building

NOTES:

The San Francisco Port Commission meets regularly on the second and fourth Tuesday of the month at 3:15 p.m., unless otherwise noticed. The Commission Agenda and staff reports are posted on the Port's Website @ www.sfport.com. The Port Commission meetings can be viewed online at http://sanfrancisco.granicus.com/ViewPublisher.php?view_id=92. The Port Commission meetings are also broadcasted on the 2nd & 4th Thursday of the month at 9 p.m. on Comcast Cable Channel 26 or Astound Cable Channel 78 (formerly RCN Cable). Contact Amy Quesada at 274-0406 or amy.quesada@sfport.com

The Fisherman's Wharf Waterfront Advisory Group (FWWAG) meets regularly on a bi-monthly basis, on the third Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47 at Fisherman's Wharf. Contact Rip Malloy @ 274-0267 or rip.malloy@sfport.com

The Maritime Commerce Advisory Committee (MCAC) meets every other month, on the third Thursday of the month, from 11:30 a.m. to 1:00 p.m. @ Pier 1. Contact Jim Maloney @ 274-0519 or jim.maloney@sfport.com

The Mission Bay Citizens Advisory Committee meets on the second Thursday of the month at 5:00 p.m. in the Creek Room at Mission Creek Senior Building located at 225 Berry Street in San Francisco (along the Promenade just beyond the library.) Contact Catherine Reilly at the former Redevelopment Agency @ 749-2516 or catherine.reilly@sfgov.org

The Northeast Waterfront Advisory Group (NEWAG) meets regularly on a bi-monthly basis on the first Wednesday of the month from 5:00 p.m. to 7:00 p.m. in the Bayside Conference Room @ Pier 1. Contact Jonathan Stern @ 274-0545 or jonathan.stern@sfport.com

The Central Waterfront Advisory Group (CWAG) meets monthly on an as-needed basis, generally on the third Wednesday of the month from 5 to 7 p.m. in the Bayside Conference Room at Pier 1. Contact Mark Paez @ 705-8674 or mark.paez@sfport.com

The Southern Waterfront Advisory Committee (SWAC) meets every last Wednesday of the month from 6:15 to 8:15 p.m. Location to be determined. Contact David Beaupre @ 274-0539 or david.beaupre@sfport.com

The Waterfront Design Advisory Committee (WDAC) meets jointly with the Design Review Board of the Bay Conservation and Development Commission on the first Monday of the month at BCDC, 50 California Street, Rm. 2600, at 6:30 p.m. The Committee meets as needed on the fourth Monday of the month at 6:30 p.m. in the Bayside Conf. Rm. @ Pier 1. Contact Dan Hodapp @ 274-0625 or dan.hodapp@sfport.com

ACCESSIBLE MEETING INFORMATION POLICY

FERRY BUILDING:

The Port Commission Hearing Room is located on the second floor of the Ferry Building. The main public entrance is from the west (Embarcadero) side and is served by a bank of elevators adjacent to the historic staircase. Accessible public restrooms are on the first floor at the northeast end of the building as well as on the second floor across the lobby from the Port Commission Hearing Room. The main path of travel to the Port Commission Hearing Room is equipped with remote infrared signage (Talking Signs). The Port Commission Hearing Room is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) is available. The closest accessible BART and MUNI Metro station is Embarcadero located at Market & Spear Streets. Accessible MUNI lines serving the Ferry Building area are the F-Line, 9, 31, 32 and 71. For more information about MUNI accessible services, call (415) 923-6142. The nearest accessible parking is provided in the following off-street pay lots: 3 spaces in the surface lot on the west side of the Embarcadero at Washington Street.

Hourly and valet parking is available in the Pier 3 lot. This lot is accessed through the Pier 3 bulkhead building entrance on the east side of the Embarcadero. This lot is located on the pier deck; adjacent to the ferry boat Santa Rosa. Additional covered accessible off-street pay parking is available in the Golden Gateway Garage, which is bounded by Washington, Clay, Drumm and Battery Streets. Entrance is on Clay St. between Battery and Front Streets. There is no high-top van parking. Metered street parking is available on the Embarcadero, Washington, Folsom & Drumm Streets.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

Disability Accommodations:

To request assistive listening devices, sign language interpreters, readers, large print agendas or other accommodations, please contact Wendy Proctor, Port's ADA Coordinator at (415) 274-0592 or via email at wendy_proctor@sfpport.com or Amy Quesada, Commission Secretary, at (415) 274-0405 or via email at amy.quesada@sfpport.com at least 72 hours in advance of the hearing. The Port's TTY number is (415) 274-0587.

Language Assistance

[illegible]

NOTICES

Know Your Rights Under the Sunshine Ordinance:

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Sections 67.1 et seq. of the San Francisco Administrative Code)

or to report a violation of the ordinance, contact Chris Ruston by mail: Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco CA 94102-4689; by phone at (415) 554-7724; by fax at (415) 554-7854 or by email at sotf@sfgov.org. Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from Mr. Ruston or by printing Sections 67.1 et seq. of the San Francisco Administrative Code on the Internet, at <http://www.sfgov.org/sunshine>.

Prohibition of Ringing of Sound Producing Devices:

The ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

Lobbyist Registration and Reporting Requirements:

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Campaign & Government Conduct Code Sections §2.100 – 2.160) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness, Suite 3900, San Francisco, CA 94102, phone (415) 581-2300 or fax (415) 581-2317; web site: www.sfgov.org/ethics.

CEQA Appeal Rights under Chapter 31 of the San Francisco Administrative Code:

If the Commission approves an action identified by an exemption or negative declaration as the Approval Action (as defined in S.F. Administrative Code Chapter 31, as amended, Board of Supervisors Ordinance Number 161-13), then the CEQA decision prepared in support of that Approval Action is thereafter subject to appeal within the time frame specified in S.F. Administrative Code Section 31.16. Typically, an appeal must be filed within 30 calendar days of the Approval Action. For information on filing an appeal under Chapter 31, contact the Clerk of the Board of Supervisors at City Hall, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco, CA 94102, or call (415) 554-5184. If the Department's Environmental Review Officer has deemed a project to be exempt from further environmental review, an exemption determination has been prepared and can be obtained on-line at <http://sf-planning.org/index.aspx?page=3447>. Under CEQA, in a later court challenge, a litigant may be limited to raising only those issues previously raised at a hearing on the project or in written correspondence delivered to the Board of Supervisors, Planning Commission, Planning Department or other City board, commission or department at, or prior to, such hearing, or as part of the appeal hearing process on the CEQA decision.





MEMORANDUM

October 23, 2014

TO: MEMBERS, PORT COMMISSION
Hon. Leslie Katz, President
Hon. Willie Adams, Vice President
Hon. Kimberly Brandon
Hon. Mel Murphy
Hon. Doreen Woo Ho

FROM: Monique Moyer *M. Moyer*
Executive Director

SUBJECT: Request authorization to seek California State Lands Commission approval to terminate the Public Trust over Daggett Street pursuant to SB 815 (Senator Migden; 2007)

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

Background

The purpose of this report is to inform the Port Commission of a proposed transaction to transfer jurisdiction of the Daggett Street right-of-way parcel (Exhibit A) from the Port to the Department of Real Estate ("RED") for a transfer fee of \$1.6 Million. To facilitate the proposed transaction, Port staff is requesting Port Commission authorization to seek California State Lands Commission ("State Lands") approval to terminate the public trust for commerce, navigation and fisheries ("Public Trust") over Daggett Street pursuant to SB 815 (Senator Carole Migden; 2007¹).

At its November 18, 2014 meeting, staff intends to seek Port Commission review and approval of the proposed jurisdictional transfer pursuant to a memorandum of understanding between the Port and the City's Real Estate Department. In addition to approval by the Port Commission and State Lands, the proposed transaction will also require approval by the Board of Supervisors.

THIS PRINT COVERS CALENDAR ITEM NO. 12A

¹ Chapter 660 of the statutes of 2007:

The Department of Boating and Waterways has undergone reorganization within the State of California's government, and has become the California Department of Parks and Recreation, Division of Boating & Waterways. This reorganization caused the amalgamation of the AWWAF and VTIP programs into a new program called the Surrendered and Abandoned Vessel Exchange (SAVE) program. Local agencies may now request grant funding that previously covered operations under the AWWAF and VTIP programs from the SAVE grant program.

This past April, the Port's Maritime Division requested participation in this program and received a letter of approval from the California Department of Parks and Recreation, Division of Boating & Waterways. The Port regularly participates in the Division of Boating and Waterways grant programs. From 2013 to May 2014 the Port removed and demolished four surrendered and seven abandoned vessels from Port waterways. The Port of San Francisco was assigned Grant Number C7702210 and awarded a grant in the Amount of \$67,500 to be used during the Grant's Term of Oct. 1, 2014 – Oct. 1, 2016.

COMMISSION ACTION

In order to receive the approved grant funds, the California Department of Parks and Recreation, Division of Boating & Waterways requires a San Francisco Port Commission action authorizing the Port of San Francisco to enter into and execute this contract, and to indemnify the State of California, its officers, agents and employees from any and all claims that arise in connection with the performance of the proposed grant agreement.

Removal of abandoned watercraft not only beautifies San Francisco's waterfront, but also greatly improves boating safety by reducing navigational hazards and reduces potential environmental dangers.

Port staff seeks Commission authorization for the Executive Director to accept and expend \$67,500 in grant funds from the California Department of Parks and Recreation, Division of Boating & Waterways, and provide requisite indemnification to the State of California.

Prepared by: Joseph Reilly and Demetri Amaro
Wharfingers, Maritime Division

For: Peter Dailey, Deputy Director
Maritime Division

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 14-55

- WHEREAS, Charter Section B3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate, and control the Port area of the City and County of San Francisco; and
- WHEREAS, State legislation created the Abandoned Watercraft Abatement Fund (AWAF) and the Vessel Turn-In Program (VTIP) to provide grant funding to public agencies for removal and demolition of abandoned vessels from California's navigable waterways; and
- WHEREAS, The Department of Boating and Waterways, which administered the AWAF and VTIP, has undergone reorganization within the State of California's government, and has become the California Department of Parks and Recreation, Division of Boating & Waterways (Division of Boating & Waterways); and
- WHEREAS, This reorganization caused the amalgamation of the AWAF and VTIP programs into a new program called the Surrendered and Abandoned Vessel Exchange (SAVE) program; and
- WHEREAS, Local agencies now may request grant funding that previously covered operations under the AWAF and VTIP programs from the SAVE grant program; and
- WHEREAS, Port staff annually addresses between ten and twelve Identified abandoned recreational vessels within the Port's jurisdiction that pose potential navigation and environmental hazards; and
- WHEREAS, Port Staff routinely apply for grants from the State of California to assist with the disposal of abandoned vessels; and
- WHEREAS, In Summer of 2014, the Port applied to the Division of Boating & Waterways for SAVE program monies for removal and demolition of abandoned vessels; and
- WHEREAS, On September 8, 2014, the Division of Boating and Waterways awarded the Port \$67,500 for this purpose; now, therefore, be it
- RESOLVED, That the Port Commission hereby authorizes Port staff to accept and expend \$67,500 in grant funds from the Division of Boating & Waterways for removal and demolition of abandoned watercraft at the Port of San Francisco; and, be it further

- RESOLVED, That the Port Commission hereby authorizes the Executive Director or her designee to execute a grant agreement for use of these grant funds that obligates the Port to indemnify the State of California, its officers, agents and employees from any and all claims that arise in connection with the performance of the proposed grant agreement; and, be it further
- RESOLVED, That the Port Commission hereby authorizes the Executive Director or her designee to execute any other documents necessary for the purpose of obtaining and expending these grant funds, including any extensions, augmentations or amendments thereto; and, be it further
- RESOLVED, That the Port Commission hereby authorizes the Executive Director to seek Board of Supervisors approval to accept and expend this grant.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of October 28, 2014.

Secretary



MEMORANDUM

October 23, 2014

TO: MEMBERS, PORT COMMISSION
Hon. Leslie Katz, President
Hon. Willie Adams, Vice President
Hon. Kimberly Brandon
Hon. Mel Murphy
Hon. Doreen Woo Ho

FROM: Monique Moyer *MMoyer*
Executive Director

SUBJECT: Request authorization to submit to the Board of Supervisors Teatro Zinzanni's request for a waiver of the competitive bidding policy set forth in Administrative Code Section 2.6-1

EXECUTIVE SUMMARY

At its last meeting on October 14, 2014, Port staff and representatives of Teatro Zinzanni (Teatro) made a presentation to the Port Commission. Additions to the staff report prepared for the October 14, 2014 meeting are underlined. A proposed resolution has also been added. Teatro, formerly located at Pier 29 along The Embarcadero at Battery Street, was displaced to make way for the new James R. Herman Cruise Terminal. Pursuant to the Port's approved Tenant Relocation Plan, the Port and Teatro mutually identified Seawall Lot (SWL) 324, as a potential relocation site. Teatro sought broad public input on their design based on a 10 to 15 year lease of approximately half of SWL 324 with a series of temporary structures focused on their historic Spiegel tent. In order to accommodate the community's thoughtful comments on their design and compatibility with the Northeast Waterfront Historic District, Teatro has sought to expand their project. Teatro now proposes to construct a permanent home for their operations in conjunction with a hotel under a long term lease on the entirety of SWL 324, SWL 323, and portions of the Vallejo and Davis Street rights-of way (see attached map) with development expertise from Kenwood Investments.

After Teatro's presentation to the Port Commission on October 14, 2014, and after considering public comments, the Port Commission directed staff to work with Teatro as they seek a waiver from the Board of Supervisors of the competitive bidding policy set forth in Administrative Code Section 2.6-1.

THIS PRINT COVERS CALENDAR ITEM NO. 10B

Teatro remains committed to early and thorough public involvement. Since the October 14, 2014 Port Commission presentation, Teatro has conducted further outreach including meeting with the Barbary Coast Neighborhood Association, Golden Gateway Tenants Association and Gateway Commons Board of Directors.

BACKGROUND

Teatro is one of the Port tenants that was relocated to make way for the construction of the James R. Herman Cruise Terminal project located at Piers 27 and 29, pursuant to the Port's approved Tenant Relocation Plan. Teatro is a popular dinner theatre performed in a historic Spiegel tent, which provides a big top setting for live music, comedy and acrobatic entertainment.

In December 2011, the Port and Teatro mutually identified SWL 324, as a potential relocation site. The site is currently being operated as a surface parking lot. Currently SWL 324 is leased to Priority Parking and the site generates approximately \$1 million annually in Port rent. In connection with the Tenant Relocation Plan, the Port and Teatro agreed to negotiate in good faith and seek to complete the necessary documents for a term lease on Port property at the proposed new site. Teatro's initial proposal was to relocate the Spiegel tent, as well as construct accessory facilities for support functions including kitchen and food service, dressing rooms, lobby and storage uses.

Teatro's proposed relocation to SWL 324 is contemplated in the 34th America's Cup and James R. Herman Cruise Terminal and Northeast Wharf Plaza Final Environmental Impact Report (FEIR), as required by the California Environmental Quality Act. The FEIR was certified by the Planning Commission on December 15, 2011 and upheld by the Board of Supervisors on January 24, 2012.

SWL 324 is located within the Northeast Waterfront Historic District, which was approved by the Board of Supervisors in 1972, and listed in Article 10 of the City Planning Code. To ensure that the design of the relocated venue is compatible with the architectural character of the Northeast Waterfront Historic District, the FEIR included a mitigation measure requiring Historic Preservation Commission (HPC) review. Specifically the HPC must determine whether the project design complies with Article 10, Appendix D of the City Planning Code, and the Secretary of the Interior Standards for Historic Preservation (Appendix D). This includes addressing the architectural and visual characteristics that define the historic district, including façade line continuity, fenestration and design elements for new construction, and appropriate roof treatments. The FEIR mitigation measure requirements must be satisfied prior to Port Commission action to approve the lease. In addition to this requirement, the project is also subject to review by the Waterfront Design Advisory Committee for consistency with Design and Access Element of the Port's Waterfront Land Use Plan.

An initial proposal for the relocated facilities received preliminary review by the Architectural Review Committee of the HPC in December 2011. At that time the Committee expressed concern about the consistency of the proposed design with the historic district design standards set forth in Appendix D.

In February and May 2012 the Port Commission received informational presentations on Teatro's proposed design and the conceptual business terms for the lease. Port Commissioners indicated in those hearings that a Teatro lease would need to pay base rent in an amount sufficient to replace future SWL 324 parking revenue and allow for participation in potential financial upside in the form of percentage rent.

PROJECT EVOLUTION

From 2011 through 2013, Teatro and their design team modified the project design to respond to HPC and Port staff comments. This proposed design was presented to the Port Commission at several meetings in 2012 as well as the Port's Northeast Waterfront Advisory Group (NEWAG), and various neighborhood community groups. This design occupied approximately half of SWL 324 and featured the historic Spiegel tent as the focal point supported by a group of inter-connected non-permanent structures, including a new secondary tent to support pre and post-function and guest activities, and a number of accessory modular structures with applied facades. In order to be economically feasible with a 10 to 15 year lease, this design was based on modular, one-story accessory structures containing the lobby area, kitchen and food preparation, dressing rooms, restrooms and other support functions.

Teatro sought broad public input on this design and found that they were unable to accommodate the community's thoughtful comments on design issues as well as compatibility with the Northeast Waterfront Historic District without more permanent architecture and revenue generating uses. In order to accommodate the community's thoughtful comments on their design and compatibility with the Northeast Waterfront Historic District, Teatro has sought to expand their project. Teatro now proposes to construct a permanent home for their operations in conjunction with a hotel under a long term lease on an approximately 1.4 acres site encompassing the entirety of SWL 324, SWL 323, and portions a of the Vallejo and Davis Street rights-of way (Site) with development expertise from Kenwood Investments.

In order to achieve these goals Teatro proposes to construct a permanent home for their operations in conjunction with a modest hotel under 40 feet in height. Teatro has teamed with Kenwood Investments, part of the Treasure Island development team to develop a proposal under a long term lease on the Site. As set forth in Administrative Code Section 2.6-1, the Board of Supervisors' policy is to approve only such proposed leases involving City property or facilities that departments have awarded to the highest responsible bidder under competitive bidding procedures, except where competitive bidding is impractical or impossible. After consultation with the Port Commission on October 14, 2014, Teatro is prepared to seek a waiver from the Board of Supervisors of the competitive bidding policy set forth in Administrative Code Section 2.6-1 (Sole Source Waiver). Given the Port's Tenant Relocation Plan for the Pier 27 Cruise Terminal and Teatro's unique character and history on the waterfront, Port staff believe it is reasonable for Teatro to seek a Sole Source Waiver from the Board.

NEXT STEPS

After hearing the Port Commission's input Teatro has sought further community input on their conceptual design from neighborhood groups and will seek input from the Port's Northeast Waterfront Advisory Group (NEWAG). Since the October 14, 2014 Port Commission presentation, Teatro has conducted further outreach including meeting with the Barbary Coast Neighborhood Association, Golden Gateway Tenants Association and Gateway Commons Board of Directors.

If the Port Commission approves the attached resolution, Port staff will assist Teatro to develop and introduce a resolution seeking the Board's Sole Source Waiver. If the Board grants this exception to competitive bidding, Teatro and the Port will continue discussions regarding project design and economic terms. This would lead to Port Commission consideration of an Exclusive Negotiating Agreement and, if successful, a Term Sheet.

The Term Sheet, outlining key business terms, is subject to Port Commission and Board endorsement. It is expected that key economic terms will include base rent in an amount sufficient to replace future SWL 324 parking revenues and participation in potential financial upside in the form of percentage rent.

The project design would be refined in consultation with the NEWAG, HPC and neighborhood groups as well as being subject to review by the Waterfront Design Advisory Committee for consistency with Design and Access Element of the Port's Waterfront Land Use Plan.

Prepared by: Ricky Tijani, Development Manager
Jonathan Stern, Asst. Dep. Dir., Waterfront Development Projects

For: Byron Rhett, Deputy Director Planning & Development

Attachment
1) Map

**PORT COMMISSION
CITY & COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 14-58

- WHEREAS, Charter Section B3.581 empowers the Port Commission with the authority and duty to use, conduct, operate, maintain, manage, regulate and control the lands within Port jurisdiction; and
- WHEREAS, The City and County of San Francisco (the "City"), acting by and through the Port Commission (the "Port"), owns approximately 1.4 acres at Seawall Lots 324 and 323 and portions of the Vallejo and Davis Street rights-of way on the west side of The Embarcadero at Vallejo Street ("Site"); and
- WHEREAS, Teatro Zinzanni ("Teatro") wishes to lease the Site from the Port to build a new privately financed performance venue and hotel that would be used for Teatro performances, its non-profit and charitable activities, temporary artist housing, lodging and related uses ("Project"); and
- WHEREAS, As set forth in Administrative Code Section 2.6-1, the Board of Supervisors' policy is to approve only such proposed leases involving City property or facilities that departments have awarded to the highest responsible bidder under competitive bidding procedures, except where competitive bidding is impractical or impossible; and
- WHEREAS, The Waterfront Land Use Plan identifies SWL 324 and SWL 323 as part of the Broadway Pier Mixed-Use Opportunity Area, and the City, through the Port, has undertaken unsuccessful attempts to develop the Site in accordance with the Waterfront Land Use Plan's objectives; and
- WHEREAS, Teatro is one of the Port tenants that was relocated to make way for the construction of the James R. Herman Cruise Terminal project located at Piers 27 and 29, pursuant to the Port's approved Tenant Relocation Plan; and
- WHEREAS, In connection with the Tenant Relocation Plan, the Port and Teatro mutually identified SWL 324 as a potential relocation site and agreed to negotiate in good faith and seek to complete the necessary documents for a term lease on Port property at the proposed new site; and

WHEREAS, Teatro believes a waiver from the Board of Supervisors of the competitive bidding policy set forth in Administrative Code Section 2.6-1 is necessary to the feasibility of the project, and Teatro intends to seek a waiver given the Tenant Relocation Plan and Teatro's history on the waterfront as a unique and popular dinner theatre performed in a historic Spiegel tent; now, therefore, be it

RESOLVED, That the Port Commission directs the Port Executive Director to assist Teatro in developing and introducing a resolution to the Board of Supervisors to consider waiving the competitive bidding policy set forth in Administrative Code Section 2.6-1 with respect to the potential lease of the Site to Teatro; and be it further

RESOLVED, That the Port Commission urges Teatro to engage in outreach to affected and interested neighbors, community members, tenants, the arts community and stakeholders to ensure that the proposed Project is designed with maximum public input.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of October 28, 2014.

Secretary



MEMORANDUM

October 23, 2014

To: MEMBERS, PORT COMMISSION
Hon. Leslie Katz, President
Hon. Willie Adams, Vice President
Hon. Kimberly Brandon
Hon. Mel Murphy
Hon. Doreen Woo Ho

FROM: Monique Moyer *MMoyer*
Executive Director

SUBJECT: Request authorization to award Professional Services Contract RPT1415-01, Earthquake Vulnerability Study of the Northern Waterfront Seawall, to GHD/GTC JV, a joint venture, in the amount of \$425,000, and to authorize staff to increase the contract amount, if needed for unanticipated contingencies, by up to an additional \$42,500 (10% of \$425,000) for a total of \$467,500

DIRECTOR'S RECOMMENDATION: Approve the Attached Resolution

Executive Summary

Pursuant to Port Commission authorization (Resolution 14-44), Port staff issued a Request for Proposals ("RFP") soliciting specialized engineering consulting services to complete an Earthquake Vulnerability Study of the Northern Waterfront Seawall (the "Project") and initiated a competitive selection process for award of a single Professional Services Contract. Five proposals were received all of which were determined to meet the minimum qualifications. A selection panel then evaluated and scored the written proposals and the oral interviews. The Contract Monitoring Division applied Local Business Enterprise ("LBE") prime rating bonuses and determined responsiveness to the LBE subconsultant goal. Final ranking was determined and Contract negotiations with the highest ranked firm, GHD/GTC JV, are substantially complete.

Port staff now requests that the Port Commission authorize staff to award Professional Services Contract RPT1415-01, Earthquake Vulnerability Study of the Northern Waterfront Seawall (the "Contract"), to GHD/GTC JV, in the amount of \$425,000, and authorize staff to increase the contract amount by up to an additional \$42,500 (10%), as needed for unanticipated contingencies, to a total amount of \$467,500.

This Print Covers Calendar Item No. 11A

Strategic Objective

Develop and implement a seawall plan that will maintain viability of Port's operations, increase protection of the Port's and City's assets, and enhance life safety in the face of degradation, flooding, earthquakes, climate change, and security hazards.

Background and Purpose

The Port Commission, at its meeting on July 8, 2014, authorized Port staff to solicit specialized professional engineering services for an earthquake vulnerability study of the Northern Waterfront Seawall (Resolution 14-44). The Northern Waterfront Seawall stretches approximately four continuous miles from Fisherman's Wharf to Mission Creek (see Attachment A: Seawall Map). The purpose of this study is to take a comprehensive look at the earthquake safety of this portion of the waterfront. Specific objectives of the study include:

- analysis of earthquake behavior of the seawall, bulkhead wharves, and adjacent infrastructure;
- assessment of earthquake damage and safety risks;
- forecast of economic impacts;
- development of conceptual level earthquake retrofits; and
- prioritization of future improvements and/or further study needs.

Additionally, the study results will assist the Port in planning for and implementing adaptation measures necessary to address sea level rise and climate change.

Further information on the seawall and potential earthquake safety risk can be found in the July 8, 2014 Port Commission staff report.

Climate Action

This study will adhere to the latest guidelines and science related to climate change and sea level rise. Proposed retrofit alternatives will fully consider sea level rise and other climate change impacts in the Cost/Benefit analysis.

Selection Process and Award

The Request for Proposals was advertised on August 11, 2014, with a proposal due date of September 12, 2014, and oral interviews scheduled for the week of October 6, 2014. A pre-proposal meeting was held on August 19, 2014, the sign-in sheet indicates 35 people in attendance (see Attachment B).

On September 12, 2014, the Port received five written proposals in response to the RFP. Port staff determined that all proposals met the minimum qualifications and the Port's Contract Monitoring Division Compliance Officer verified that each firm met the Local Business Enterprise ("LBE") subcontracting goal of 25% (see Attachments C & D).

Selection Panel

A four-member selection panel was convened to evaluate and score the proposals and the oral interviews. The panel consisted of two Port staff members (a Structural Engineer and a Project Manager from the Engineering Division) and two San Francisco Public Works staff members (a Geotechnical Engineer and a Structural Engineer). The Port's Contract Monitoring Division Compliance Officer approved the panel.

Evaluation Criteria

Written proposals were evaluated and scored by the selection panel based upon the following criteria:

40 points - technical qualifications and experience (firm and project staff)

60 points – project understanding and approach

100 points total

The City's Contract Monitoring Division ("CMD") applied LBE prime contractor bonus points to the scores and the top three proposers were short listed for oral interviews.

Oral interviews were evaluated based upon the following criteria:

50 points – technical presentation by the proposer's key project staff

50 points – answers to standard questions

100 points total

CMD applied LBE prime contractor bonus points to the interview scores and the final ranking was then determined.

<u>Final Ranking</u>	<u>Name of Prime Contractor</u>
1	GHD / GTC JV
2	AGS / Moffatt & Nichol JV
3	Ben C. Gerwick / Langan Treadwell Roll JV
4	URS / BELLO & Associates JV
5	AECOM / Structus JV

Port staff issued a Notice of Intent to Award on Thursday, October 9, 2014. No protests were received during the 5 working day protest period after which CMD issued their official award memo (see Attachment D).

About GHD/GTC JV

GHD/GTC JV is a Joint Venture between GHD Inc. ("GHD"), an international professional services company with an office in San Francisco, and Geotechnical Consultants, Inc. ("GTC"), a San Francisco certified Local Business Enterprise specializing in geotechnical engineering. Together with their subconsultants, GHD/GTC JV has proposed a project team with considerable expertise and depth in all areas necessary for successful execution of this contract.

GHD is a privately held professional services firm operating in the global markets of water, energy and resources, environment, property and buildings, and transportation.

They provide engineering, architecture, environmental and construction services to public and private sector clients. Established in 1923 in Melbourne, Australia, GHD now operates over 100 offices worldwide and employs more than 8,500 people. GHD was ranked 38th in Engineering News Record's Top 150 Global Design Firms for 2013. In October 2011, GHD merged with Winzler & Kelly, a Northern California engineering consulting firm with a history of providing services to the Port and City of San Francisco. GHD's San Francisco office includes many former Winzler & Kelly employees. Notable projects include the Port of San Francisco's new Brannan Street Wharf and the Substructure Assessment of Pier 27, the San Francisco West Harbor Marina Renovation, Preliminary Design of a New Multi-Purpose Port in Chile, and the Queensland coastal hazard adaptation study.

GTC is a San Francisco certified Local Business Enterprise specializing in geotechnical engineering, geology, and hydrogeology. Established in 1964, GTC has a successful history of providing geotechnical services for public clients including the Port, San Francisco Public Utilities Commission (SFPUC), and BART. Notable projects where GTC has provided geotechnical services include the Brannan Street Wharf, the nearly complete San Francisco Public Safety Building, and Bay Division Pipeline No. 5 for the SFPUC.

Local Business Enterprise

The City's Administrative Code Chapter 14B, the Local Business Enterprise and Non-Discrimination in Contracting Ordinance, establishes rating bonuses for LBE prime consultants and empowers the Contract Monitoring Division ("CMD") to set a project specific goal for LBE subconsultant participation.

LBE Prime Consultant Rating Bonus: GHD/GTC JV is a Joint Venture between GHD Inc., an international firm with an office in San Francisco, and Geotechnical Consultants, Inc., an LBE certified firm. GHD and GTC have agreed to share the prime work equally as such, the JV was awarded seven and one half percent (7.5%) LBE prime consultant bonus for each evaluation stage. Four of the five proposers are LBE Joint Ventures and received this same bonus.

LBE Subconsultant Goal: GHD/GTC JV has agreed to meet the LBE participation goal of 25% established by CMD for this Project, committing to 25.9% LBE participation. The GHD/GTC JV project team includes the following LBE certified firms as subconsultants: Land Economics Consultants, LLC (LBE-OBE); Ansari Structural Engineers (LBE-MBE); Saylor Consulting Group (LBE-WBE); Rollo & Ridley (LBE-OBE); and Telamon Engineering (LBE-WBE).

Funding

The proposed consulting services are estimated to cost approximately \$425,000 and will be funded by Port capital funds allocated in the FY 2014-15 Capital Budget approved previously by the Port Commission. Port staff have negotiated contract terms and conditions with GHD/GTC JV for a cost of \$425,000, not including unanticipated contingencies that may require additional services.

Schedule

The planned Project schedule is:

Activity

Port Commission Authorization to Award Contract
Notice To Proceed
Preliminary Study Results
Final Results, Contract Completion

Target Date

October 28, 2014
November 24, 2014
May 15, 2015
September 30, 2015

Summary

Port staff has completed the RFP evaluation process and selected GHD/GTC JV as the most qualified engineering firm to provide professional engineering services as described in this report. Therefore, staff requests that the Port Commission adopt the attached resolution authorizing staff to award Professional Services Contract RPT1415-01, Earthquake Vulnerability Study of the Northern Waterfront Seawall, to GHD/GTC JV, in the amount of \$425,000, and to authorize staff to increase the contract amount, if needed for unanticipated contingencies, by up to an additional \$42,500 (10% of \$425,000) for a total of \$467,500.

Prepared by: Steven Reel, Project Manager
Engineering Division

For: Eunejune Kim, Chief Harbor Engineer
Engineering Division

and

Elaine Forbes, Deputy Director
Finance and Administration Division

Attachments

- A: Seawall Map, Current Piers & Original Shoreline
- B: Pre-proposal Meeting Sign In Sheet
- C: Summary of Bidder Scores
- D: CMD Award Memo

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 14-56

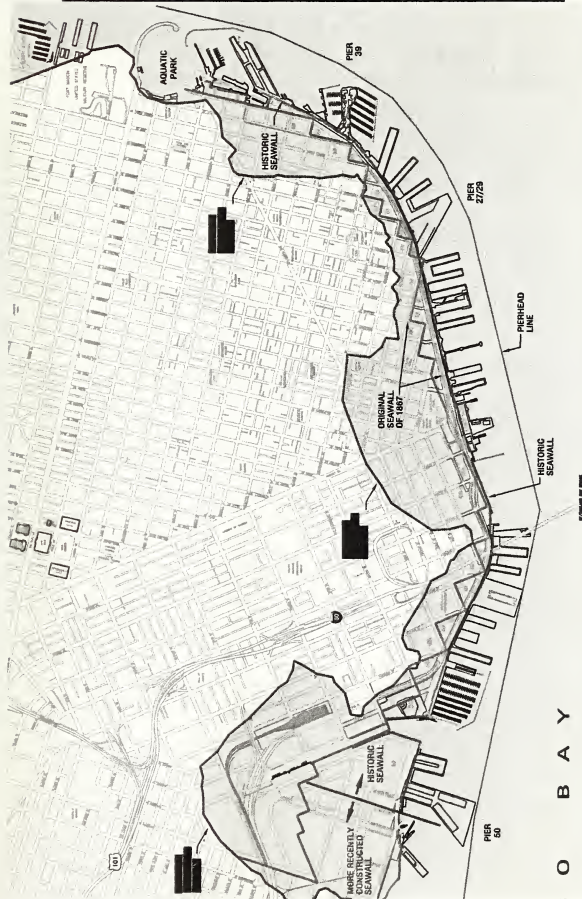
- WHEREAS, Port staff seeks authorization to award Professional Services Contract RPT1415-01, Earthquake Vulnerability Study of the Northern Waterfront Seawall (the "Project"); and
- WHEREAS, the Project will focus upon the Northern Waterfront including approximately four miles of continuous seawall between Fisherman's Wharf and Mission Creek; and
- WHEREAS, the Project will evaluate the earthquake vulnerability of the seawall and adjacent infrastructure, evaluate economic impacts from earthquake damage, and develop conceptual level earthquake retrofit alternatives; and
- WHEREAS, the Port Commission previously authorized staff to issue a Request for Proposals ("RFP") to solicit and select an engineering consultant to provide specialized engineering services for this Project at its meeting on July 8, 2014 (Port Commission Resolution 14-44); and
- WHEREAS, Port staff received approval from the Civil Service Commission to contract with a private engineering firm for these important consulting services; and
- WHEREAS, Port staff advertised the RFP on August 11, 2014, and received five proposals on September 12, 2014; and
- WHEREAS, Port staff and the Contract Monitoring Division ("CMD") staff convened a selection panel to evaluate and score the proposals; and
- WHEREAS, CMD staff applied prime consultant Local Business Enterprise ("LBE") bonus ratings to the proposal scores pursuant to the City's Administrative Code Chapter 14B and determined the final ranking; and
- WHEREAS, As a result of the panel scoring and application of LBE bonus ratings, GHD/GTC JV, a Joint Venture between GHD, Inc., and Geotechnical Consultants Inc., is the highest ranked proposer; and
- WHEREAS, Port staff and GHD/GTC JV have negotiated acceptable contract terms that includes 25.9% LBE subconsultant participation which satisfies the LBE subconsultant participation goal of 25% established by the CMD, and a contract amount of \$425,000, not including contingencies for additional unanticipated services; and

- WHEREAS, the Port Commission has allocated capital funds in the Fiscal Year 2014-15 Budget for this Project; now, therefore, be it
- RESOLVED, that the Port Commission hereby authorizes Port staff to award Professional Services Contract RPT1415-01, Earthquake Vulnerability Study of the Northern Waterfront Seawall, to GHD/GTC JV, in the amount of \$425,000; and be it further
- RESOLVED, that the Port Commission authorizes Port staff to increase the contract amount, if needed for unanticipated contingencies, by an additional \$42,500 (10% of \$425,000) through contract modification for a total of \$467,500; and be it further
- RESOLVED, that the Port Commission authorizes the Executive Director to accept the work once it is complete.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of October 28, 2014.

Secretary

Attachment A – Seawall Map, Current Piers & Original Shoreline



RFP#PRT1415-01

Earthquake Vulnerability Study of the Northern Waterfront Seawall

PRE-PROPOSAL CONFERENCE SIGN-IN

FIRM	LBE Firm ?	CONTACT NAME	E-MAIL ADDRESS	PHONE
1 UNIS	No	Suzanne Bralich	STEVENS.BRALICH@UNIS.COM	415 243-5717
2 BEW & GERWICK	No	AMID FATEHI	HMD.F@GERWICK.COM	510 267-7125
3 SIMPSON GUMPERT & HERZ	No	GAYLE JOHNSON	G.S.JOHNSON@SCH.COM	510-457-4448
4 Moffatt Nichol	No	Ingrid Muloney	imuloney@moffattnichol.com	925-944-5411
5 TERRA Engineers, Inc.	Yes	Kyle Peterson	Kyle.Peterson@terraengineers.com	888-888-4730
6 BSA AECOM	No	Scott Preston	Scott.Preston@bsa-aecom.com	415-596-5937
7 AECOM JEFF KHOJRI	No	JEFF KHOJRI	JEFF.KHOJRI@AECOM.COM	914-536-7914 567-2426
8 GEOTECHNICAL CONSULTANTS, INC.	Yes	David Van Hoff	dvanhoff@geotechinc.com	415-981-9450
9 AMC Consulting Engineers	Yes	Ming Chen (M.C.) Yu	mcyu@amccon.com	415-294-2249
10 Rutherford + Chikene	No	Michelle Gale	Mgale@rutherford.com	415 568 4434

11 Holmes & Narver

No Bill Tremayne

billt@holmesnarver.com

415-796-7111

RFP#PRT1415-01

Earthquake Vulnerability Study of the Northern Waterfront Seawall

PRE-PROPOSAL CONFERENCE SIGN-IN

	FIRM	LBE Firm ?	CONTACT NAME	E-MAIL ADDRESS	PHONE
1	URS	No	Chris Barkley	christopher.barkley@urs.com	415.243.3888
2	Bulfinch Associates Structural Engineers	Yes	Marguerite Balle	mjballe@bulfinch.com	415.908.0555
3	DET Consultants	No	Michelle Shiro	mshiro@jeiconsultants.com	(510) 545-3478
4	ACS	Yes	BAHRAM KHAMENESHPOUR	BKHAMENESHPOUR@ACSINC.COM	415-777-2166 X21
5	Arup	No	MARLENE WONG	marlene.wong@arup.com	415-946-0604
6	ARUP	No	Anush Eshani	anush.eshani@Arup ^{San}	330-957-9981
7	SC Solutions	No	Alex Khamotat	alex@scsolutions.com	408-617-4555
8	Greggan + D'Amico Infrastructure Group	✓	Reynard Lucille	rlucille@cdenginc.com 415-834-2010	
9	GHD	No	Carly Kraus	carlykraus@ghd.com	(415) 283-9920
10	ENGeo	No	Brian Tahraty	bftahraty@enggeo.com	415 814 7915

415-375-4061

mehri@ansari.com

Yes Mehri Ansari

11 Ansari Structural Engs

12 Fugro

No Thalia Travassaro

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67-4410

RFP#PRT1415-01

Earthquake Vulnerability Study of the Northern Waterfront Seawall

PRE-PROPOSAL CONFERENCE SIGN-IN

FIRM	LBE Firm ?	CONTACT NAME	E-MAIL ADDRESS	PHONE
1 Earth Mechanics, Inc.		Amir Zand	azand@earthmech.com	(510) 562-8833
2 MOFFATT & NICHOL		RICH DORNHELM	rdornhelm@moffattnichol.com	925-944-5411
3 MALLEE CORP	Y	MARTIN LEE	mlee@mallee.com	415-693-0236
4 Degenkolb Eng.	N	Lief Kraper	LKraper@degenkolb.com	715-392-6802
5 STRUCTUS INC PETER YU	Y	PETER YU	peter@structuresinc.com	415-399-1710
6 Rutherford + Chelene	N	Gymrich Krasali	gkrasali@ruthchek.com	415-568 4400
7 Ellen Lee Longwood Stadi Yap	Y	Ellen Lee	el@leei.com	415-421-2758
8 Longwood	N	Stadi Yap	Stadi@longwood.com	415-955 5232
9 Longwood	N	Rami Gubinski	Rgubinski@longwood.com	415-955-5230
10 Holmes Collier Katy Faix	N	Katy Faix	Kfaix@holmescollier.com	415 796 7122

11 K PFF mei.lee@kpff.com 415-999-1004

12 Rutherford + Chelene pryan@ruthchek.com 415-568-4418

Port of San Francisco
RFP # PRT1415-01
Selection Panel Final Scoring w/ CMD Bonus
10/8/2014

Proposal Evaluation	PANEL MEMBER ID					Total	With CMD	Interview?
	A	B	C	D				
AECOM/Structus JV	77	68	64	82		291	313	5 N
AGS / Moffatt & Nichol JV	83	88	79	87		337	362	2 Y
Ben C. Gerwick / Langan Treadwell Roll JV	92	87	90	85		354	354	3 Y
GHD / GTC JV	87	93	84	90		354	381	1 Y
URS / BELO & Associates JV	87	70	69	78		304	327	4 N
Interviews	A	B	C	D		Total	With CMD	Final Results
AGS / Moffatt & Nichol JV	89	82	77	92		340	365.5	2
Ben C. Gerwick / Langan Treadwell Roll JV	97	84	92	87		360	360	3
GHD / GTC JV	90	88	83	81		342	367.65	1



Edwin M. Lee, Mayor
Naomi M. Kelly, City Administrator

ATTACHMENT D

GENERAL SERVICES AGENCY
CONTRACT MONITORING DIVISION



Maria Cordero, Director

MEMORANDUM

Date: October 20, 2014

To: Steven Reel, Project Manager, Port

From: Boris Delepine, Contract Compliance Officer, CMD

Subject: Earthquake Vulnerability Study of the Northern Waterfront Seawall (the "Project")

The Contract Monitoring Division (CMD) has reviewed the consultant proposals and supporting documentation for the above referenced project. Based on this review, CMD has determined that all five proposals were materially compliant with the pre-award 14B requirements.

Ratings Bonus

The following proposers applied for and were granted the following ratings bonus:

<u>Proposer Name</u>	<u>Ratings Bonus %</u>
Moffatt & Nichol/AGS JV	7.5%
GHD/GTC JV	7.5%
AECOM/Structus JV	7.5%
URS/Bello & Associates	7.5%

Score Sheets and Score Tabulations

CMD has reviewed the score sheets submitted by the panelists. According to the score tabulations submitted by Esther Reyes the final rankings are as follows:

<u>Firm</u>	<u>Rank</u>
GHD/GTC JV	<u>1</u>
Moffatt & Nichol/AGS JV	<u>2</u>
Ben Gerwick/Langan JV	<u>3</u>

LBE Subconsulting Goal

A LBE subconsulting goal of 25% was established for this project and GHD/GTC JV agreed to achieve this goal by subconsulting specific services to LBEs as follows:

FIRM	SERVICE	LBE Status	Percentage
Land Use Economics Consultants, LLC	Economics Consultants	LBE-OBE	8.2%
Telamon Engineering	Civil Engineering	LBE-WBE	9.1%
Saylor Consulting Group	Cost Estimating	LBE-WBE	4.7%
Ansari	Structural Engineering	LBE-MBE	2.0%
Rollo & Ridley	Geotechnical Engineering	LBE-OBE	1.9%
		Total	25.9%

Based on the foregoing, CMD has determined that GHD/GTC JV is eligible for award of this contract.

Should you have any questions, or if I can be of any further assistance, please do not hesitate to contact me at 554-7554.





MEMORANDUM

October 23, 2014

TO: MEMBERS, PORT COMMISSION
Hon. Leslie Katz, President
Hon. Willie Adams, Vice President
Hon. Kimberly Brandon
Hon. Mel Murphy
Hon. Doreen Woo Ho

FROM: Monique Moyer *M. Moyer*
Executive Director

SUBJECT: Request authorization to seek California State Lands Commission approval to terminate the Public Trust over Daggett Street pursuant to SB 815 (Senator Migden; 2007)

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

Background

The purpose of this report is to inform the Port Commission of a proposed transaction to transfer jurisdiction of the Daggett Street right-of-way parcel (Exhibit A) from the Port to the Department of Real Estate ("RED") for a transfer fee of \$1.6 Million. To facilitate the proposed transaction, Port staff is requesting Port Commission authorization to seek California State Lands Commission ("State Lands") approval to terminate the public trust for commerce, navigation and fisheries ("Public Trust") over Daggett Street pursuant to SB 815 (Senator Carole Migden; 2007¹).

At its November 18, 2014 meeting, staff intends to seek Port Commission review and approval of the proposed jurisdictional transfer pursuant to a memorandum of understanding between the Port and the City's Real Estate Department. In addition to approval by the Port Commission and State Lands, the proposed transaction will also require approval by the Board of Supervisors.

THIS PRINT COVERS CALENDAR ITEM NO. 12A

¹ Chapter 660 of the statutes of 2007:

Background

The Daggett Street right-of-way measures 137.5 feet wide and contains a total of approximately 37,949 square feet, as shown on Exhibit A. Daggett Street is located between 16th Street and 7th Street in Showplace Square, which is within the greater Eastern Neighborhoods Plan Area, as shown on Exhibit B attached. Daggett Street is owned by the Port of San Francisco in trust for the people of California pursuant to the Burton Act and the Burton Act Transfer Agreement. The land is a dedicated public street, and the public street designation has not been vacated..

Daggett Street, located within the former tide and submerged lands of Mission Bay, is presently subject to the Public Trust. However, the property has since been cut off from the waters of the Bay by the filling and development of Mission Bay and by the construction of Interstate 280, and is no longer amenable to uses that would promote the purposes of the public trust.

At its August 8, 2006 meeting the Port Commission authorized Port staff to seek state legislation to enable termination the Public Trust on Daggett Street and certain other Port paper streets. As described in the August 8, 2006 Port Commission staff report, these streets, including Daggett Street:

- are no longer used or necessary for navigation purposes;
- were originally filled and reclaimed as part of a highly beneficial plan of harbor development and have ceased to be tidelands;
- have been cut off from access to waters of San Francisco Bay;
- constitute a relatively small portion of tidelands granted to the City; and
- are no longer needed or required for any trust purposes.

In 2007, the Legislature responded by enacting SB 815. Among other things, the Legislature found that Daggett Street and the other paper streets are fragments that have been cut off from direct access to the waters of San Francisco Bay by past filling of intervening property, and that they do not provide and are not needed for public access to the waterfront or any other Public Trust purpose, other than revenue generation. Accordingly, SB 815 authorizes the termination of the Public Trust over the paper streets and their sale or transfer out of Port ownership for fair market value, subject to certain conditions.

Proposed Project

A primary goal of the Eastern Neighborhoods Plan is to convert a portion of the City's industrial areas into complete mixed-use neighborhoods. Such neighborhoods feature infrastructure such as public parks, efficient transit, affordable housing, safe and walkable streets, and child care. Exhibit C shows existing and planned parks in the area. For the past several years, the Planning Department has been working with a

developer to develop four buildable lots on both sides of Daggett Street (Block 3833 Lots 001, 002, and 003, and Block 3834 Lot 001), as shown on Exhibit D. The developer proposes to build approximately 470 units of rental housing, along with accompanying ground floor retail. The project was entitled by the Planning Commission on July 28, 2011².

As part of the development of the project, the developer will construct a public park along the Daggett Street right-of-way at its own expense and maintain the park in perpetuity. Such a park would fulfill the vision of the Eastern Neighborhoods Plan, which identified the creation of a new park in Showplace Square as an Eastern Neighborhoods Priority Project. Subsequently, the Eastern Neighborhoods Citizen's Advisory Committee identified the Daggett park site as the top priority for new open space in the Showplace Area. On November 19, 2012, the Planning Commission approved the construction and perpetual maintenance of a public park on Daggett Street as a key public benefit delivered by the project³. In July 2014, the City adopted a new open space stewardship framework, the SF Plaza Program⁴, which will facilitate the intended perpetual open space use of the new park.

Public Trust Termination

The Daggett Street right of way is not amenable to use for Public Trust purposes. The right of way terminates at 7th street and thus does not provide access to the waterfront or other Public Trust lands. The property is situated more than a half mile from the waterfront, and is cut off from the water by Interstate 280 and Mission Bay.

Park use is the only potential public use identified for the property. A park use on Daggett Street, while not interfering with the Public Trust, would not promote Public Trust purposes because the property no longer has any relationship with the waterfront. The only way the property can provide a benefit for the Public Trust today is through capture of its fair market value through sale proceeds, which requires that the property be freed of the Public Trust.

For a sale of Daggett Street to be effective, SB 815, requires that State Lands has first done the following:

1. Found that the consideration for transfer is the fair market value of the land;
2. Adopted a resolution approving the transfer that finds and declares that the paper street has been filled and reclaimed, is cut off from access to the waters of San Francisco Bay, and is no longer needed or required for the promotion of the Public Trust, and that no substantial interference with the public trust uses and purposes will ensue by virtue of the transfer;

² <http://www.sf-planning.org/index.aspx?page=2947>

³ <http://www.sf-planning.org/index.aspx?page=3352>

⁴ <http://oewd.org/Neighborhoods-SF-Plaza-Program.aspx>

3. Included in the resolution a declaration that the transfer is consistent with the findings and declarations in Section 2 of SB 815 and is in the best interests of the State.

Upon adoption of the resolution, or at a time that is specified in the resolution, and the recordation of lease, transfer, or sale documents, the street shall thereupon be free from the public trust, Burton Act trust, and any additional restrictions on use or alienability created by the Burton Act transfer agreement. The Port is required to deposit the proceeds from the transfer in a separate account in the harbor fund, and may expend those proceeds solely for purposes of implementing the Port's capital plan, consistent with the Burton Act and the Public Trust.

Appraisal and Proposed Transaction

The Port contracted with Clifford Advisory, LLC to conduct an appraisal of Daggett Street assuming P Zoning and OS ("Open Space") height and bulk. Clifford Advisory performs valuation analysis and market research for all property types throughout the San Francisco Bay Area. According to the appraisal, which was completed on February 1, 2014:

"The use [P Zoning and OS ("Open Space")] restrictions...on the subject property eliminate its economic value, excluding its contribution to value of the surrounding parcels. [Daggett Street's] intended park use that is flanked by 4 - 6 story residential and mixed use (incorporating commercial or PDR uses on the ground floor), will enhance the appeal and value of the upper floor residential units that overlook the park. The appraiser concludes the enhancement can be used to measure the contributory value of the subject park site. The contributory value is quantified by the enhanced rental income likely to be generated by those units overlooking the park."

The appraisal analyzed rental income from other residential property similarly situated next to parks, and concluded that the net increased annual rental revenue from 68 units overlooking Daggett Park will be \$68,000. Assuming a 4.25% capitalization rate, the appraiser concluded an indicated value of \$1.6 Million. Under SB 815, the State Lands Commission will make a final determination as to the fair market value of the site.

The City, through RED, is proposing to purchase the Daggett Street parcel from the Port for \$1.6 Million. If approved by the Port Commission, State Lands and the Board of Supervisors, the transaction would occur as an inter-departmental transfer, which would transfer jurisdiction of the property from the Port to RED in exchange for the \$1.6 Million transfer fee. The proposed terms of the MOU are:

<u>Term</u>	<u>Description</u>
Parties	Port and Department of Real Estate ("RED") ⁵ .
Property	Approximately 37,949 square feet of real property that

⁵ Subject to further consultation with the Department of Public Works ("DPW") and the Department of Real Estate, the City may decide that DPW will take ownership of the parcel.

diagonally crosses between Blocks 3833 and 3834 and intersects the north side of 16th Street and the west side of 7th Street, commonly known as Daggett Street ("Property"), all as more particularly shown on Exhibit A.

Effective Date	Upon City's payment of the fee set forth below and the completion of the street vacation and jurisdictional transfer.
Payment	City to pay the Port \$1,600,000.00, which represents the appraised fair market value of the Property, in a one-time advance payment in exchange for the title to the fee simple interest to the Property. City to pay for the property from the Program Year 2013 Housing Related Parks Grant allocation, once the MOU authorizing transfer of such funds from the State of California to City is executed by the San Francisco Recreation and Parks Department (RPD) ("Grant Funds"), anticipated for January 2015.
Condition of Property	AS-IS. City acknowledges that Port has made no representations or warranties concerning the Property, including without limitation, the seismological or environmental conditions thereof.

Funding Source

RED and OEWD have identified grant funding through the California Department of Housing and Community Development ("HCD") to pay the Port for Daggett Street. HCD operates a Housing-Related Parks (HRP) Program (Program) which provides grants for public parks designed to encourage cities and counties to develop new residential housing by rewarding those jurisdictions that approve housing affordable to lower-income households and are in compliance with State housing element law. The City has applied for and was awarded a \$6.4 Million grant from this source, of which \$1.6 Million is allocated to Daggett Park⁶. These funds are expected to be accepted by the City by January, 2015.

Recommendation and Next Steps

Port staff recommends approval of the attached resolution authorizing Port staff to seek State Lands' approval to terminate the Public Trust over Daggett Street pursuant to SB 815. Staff projects the following timeline to complete the proposed transaction.

October 2014	State Lands staff is currently in the process of reviewing the appraisal in order to determine and confirm that staff can recommend that the Commission make the required finding that the transfer of Daggett Street will be for fair market value.
November 18, 2014	Port staff intends to seek Port Commission authorization to enter into a memorandum of understanding to transfer title to Daggett

⁶ http://www.hcd.ca.gov/hpd/website_award_posting.pdf

Street from the Port to RED, subject to approval by the State Lands Commission and the Board of Supervisors.

December 17, 2014 City staff intends to seek from the State Lands Commission the required finding of fair market value and resolution approving the transfer of Daggett Street free of the Public Trust, and authorizing State Lands staff to take any necessary actions to effectuate the transfer.

Early 2015 The projected time frame for the actual transfer of title from the Port to RED.

Mid 2015 The projected time frame for construction to start on Daggett Park.

Prepared by: Brad Benson, Director of Special Projects
Mark Lozovoy, Asst. Deputy Director, Real Estate

For: Monique Moyer, Executive Director
Susan Reynolds, Deputy Director, Real Estate

Exhibits

A – Daggett Street Premises

B – Eastern Neighborhoods Greater Area Plan

C – Parks in the Area

C – Daggett Park Conceptual Site Plan

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 14-57

- WHEREAS, California Statutes of 1968, Chapter 1333 (the "Burton Act") and the San Francisco Charter Section B3.581 empower the San Francisco Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control the lands within Port Commission jurisdiction; and
- WHEREAS, By Resolution 06-62, the Port Commission authorized Port staff to pursue State legislation to terminate the public trust for commerce, navigation and fisheries ("Public Trust") over a number of paper streets in its jurisdiction and their subsequent sale, including Daggett Street between 16th and 7th Streets in Showplace Square, subject to the approval of the California State Lands Commission ("State Lands"); and
- WHEREAS, The California Legislature adopted SB 815 (Senator Carole Migden), Chapter 660 of the statutes of 2007, authorizing State Lands to terminate the Public Trust over Daggett Street and other paper streets in Port Commission jurisdiction; and
- WHEREAS, On July 21, 2011, the San Francisco Planning Commission entitled a project with 470 units of housing on private land abutting Daggett Street; and
- WHEREAS, On November 19, 2012, the Planning Commission approved the construction and perpetual maintenance of a public park on Daggett Street as a key public benefit delivered by the project; and
- WHEREAS, City staff has concluded that Daggett Street is not amenable to any Public Trust uses, other than revenue generation for the Trust; and
- WHEREAS The proposed neighborhood park would not interfere with any Public Trust uses, but would not promote Public Trust purposes because Daggett Street no longer has any relation to the waterfront; and
- WHEREAS, Subject to the required State Lands actions as provided in SB 815, City staff proposes a jurisdictional transfer of Daggett Street to the Department of Real Estate, free of the Public Trust, to facilitate construction of Daggett Park, in exchange for a fair market value payment to a separate account of the Harbor Fund, consistent with the requirements of SB 815; now, therefore, be it

RESOLVED, That the Port Commission authorizes Port staff to seek from State Lands the actions required under SB 815 to terminate the Public Trust over Daggett Street and allow its transfer to the Department of Real Estate..

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of October 28, 2014.

Secretary

Exhibit A: Daggett Street Premises

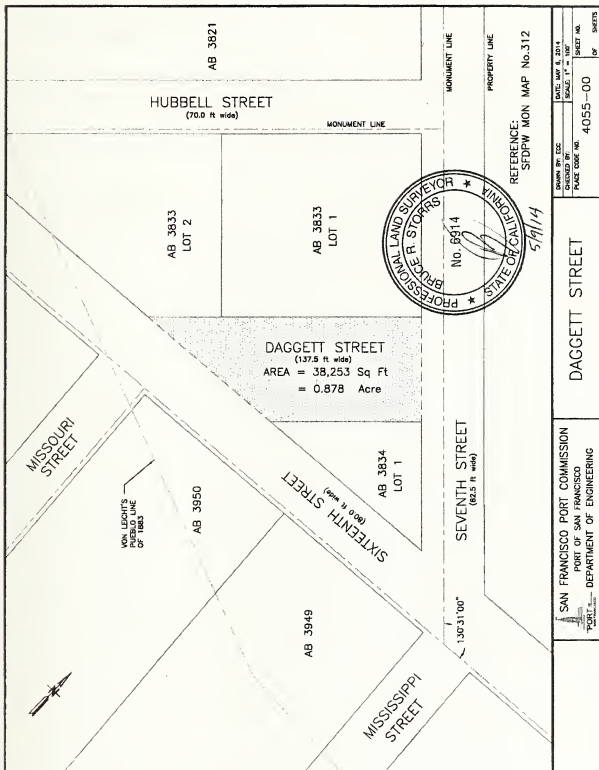


Exhibit B: Eastern Neighborhoods Greater Area Plan

EASTERN NEIGHBORHOODS

PLAN AREAS

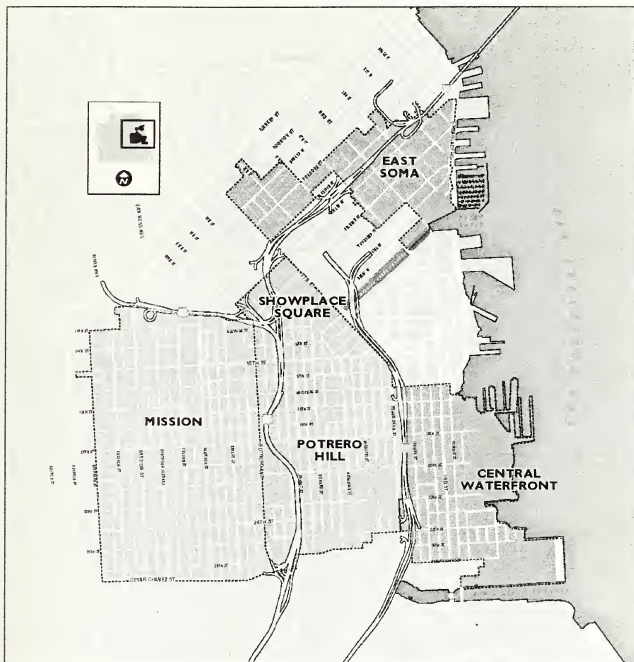
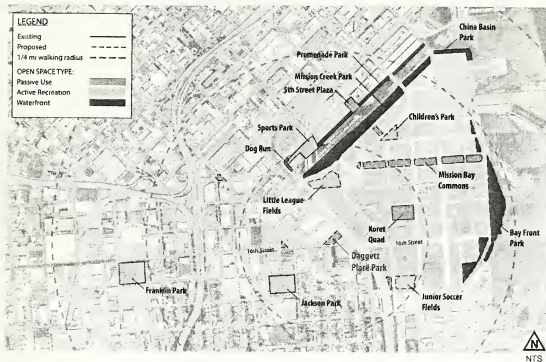


Exhibit C: Parks in the Area

OPEN SPACE CONTEXT



DAGGETT PARK - ARCHSTONE POTRERO
CIVIC DESIGN REVIEW - PHASE 1 SCHEMATIC DESIGN - JAN 23 2012

CMG
ARCHSTONE

Exhibit D: Daggett Park Conceptual Site Plan

AERIAL FROM 16TH STREET



DAGGETT PARK ARCHSTONE POTRERO
CIVIC DESIGN REVIEW - PHASE 1 SCHEMATIC DESIGN - JAN 23 2012

CMG
ARCHSTONE



SAN FRANCISCO PORT COMMISSION

**OCTOBER 28, 2014
MINUTES OF THE MEETING**

**MEMBERS, PORT COMMISSION
HON. LESLIE KATZ, PRESIDENT
HON. WILLIE ADAMS, VICE PRESIDENT
HON. KIMBERLY BRANDON
HON. MEL MURPHY
HON. DOREEN WOO HO**

**GOVERNMENT
DOCUMENTS DEPT**

NOV 14 2014

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PUBLIC LIBRARY**

**MONIQUE MOYER, EXECUTIVE DIRECTOR
AMY QUESADA, COMMISSION SECRETARY**

CITY & COUNTY OF SAN FRANCISCO PORT COMMISSION

MINUTES OF THE MEETING TUESDAY, OCTOBER 28, 2014

1. CALL TO ORDER / ROLL CALL

Port Commission President Leslie Katz called the meeting to order 2:04 p.m. The following Commissioners were present: Leslie Katz, Kimberly Brandon and Doreen Woo Ho. Commissioners Willie Adams and Mel Murphy arrived at 2:15 p.m.

2. APPROVAL OF MINUTES – October 14, 2014

ACTION: Commissioner Brandon moved approval; Commissioner Woo Ho seconded the motion. All of the Commissioners were in favor. The minutes of the October 14, 2014 meeting were adopted.

3. PUBLIC COMMENT ON EXECUTIVE SESSION

4. EXECUTIVE SESSION

A. Vote on whether to hold closed session.

ACTION: Commissioner Brandon moved approval; Commissioner Woo Ho seconded the motion. All of the Commissioners were in favor.

At 2:04 p.m., the Port Commission withdrew to executive session to discuss the following:

(1) PUBLIC EMPLOYEE PERFORMANCE EVALUATION (Discussion Item)

Monique Moyer, Port Executive Director. Discussion of Performance Evaluation pursuant to Section 67.10(b) of the Administrative Code and Section 54957(b) of the California Government Code.

5. RECONVENE IN OPEN SESSION

At 3:34 p.m., the Commission withdrew from closed session and reconvened in open session

ACTION: Commissioner Brandon moved approval to adjourn closed session and reconvene in open session; Commissioner Adams seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Brandon moved approval to not disclose any information discussed in closed session; Commissioner Adams seconded the motion. All of the Commissioners were in favor.

6. PLEDGE OF ALLEGIANCE

7. ANNOUNCEMENTS: The Port Commission Secretary announced the following:

- A. Announcement of Prohibition of Sound Producing Electronic Devices during the Meeting: Please be advised that the ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing of or use of a cell phone, pager, or other similar sound-producing electronic device.
- B. Announcement of Time Allotment for Public Comments: Please be advised that a member of the public has up to three minutes to make pertinent public comments on each agenda item unless the Port Commission adopts a shorter period on any item.

8. PUBLIC COMMENT ON ITEMS NOT LISTED ON THE AGENDA

9. EXECUTIVE

A. Executive Director's Report

- Successful completion of Drydock #1 loading operation and departure of the MV Tern

Monique Moyer – I'd like to follow up on my report from the last meeting on the disposal of our old Drydock #1, and the arrival of the M.V. Tern. I'd like to ask Daley Dunham to walk you through quickly the collection of the drydock from the Port.

Daley Dunham, Special Projects Team - On Saturday, October 18, 2014 at 6:00 AM, port staff, along with West Armory Services and Dockwise, began the operation to position Drydock #1 over the deck of the Tern so that she could fully de-ballast and lift the drydock out of the water. That operation began at 9:00 AM, de-ballasting and seven hours later, the lift superintendent made the official declaration that her decks were dry, which, for the Port, was very significant because it was the moment at which the title transferred, and we no longer owned it. It was a very happy time.

On Tuesday morning, October 21st, aboard the Tern, Monique was kind enough to delegate authority to me to execute the bill of sale. We officially sold Drydock #1 to Dockwise for the sum of \$1.00. That is a 1976

bicentennial silver dollar from the Vice President of Dockwise, Robb Erickson's personal collection. He went and bought 100 of them when he was a kid, dug it out of a box, and so now he has 99. He gave that to us. We acquired Drydock #1 for the sum of \$1.00 back in the day, a long time ago. It's fitting that she should go away for that same amount.

I'm going to go through a couple of slides here to show you what happened. First, this is a shot of the Tern before the lift operation from AT&T Park during the Cardinals game. Apparently, she was here not only to put Drydock #1 out to pasture, but the Cardinals as well.

Here's a picture of it fully submerged prior to loading into the Tern. This is from on board the drydock just as we started the float-over over her deck. This is about halfway through the lift. You can see we're looking at the aft of the Tern on the inside. Most of the way through, but still fully submerged, not yet captured by the Dockwise vessel.

Once out of the water, this is about how much we had underneath, not very much. Drydock #1 is 408 feet long. The deck of the Tern is 415. So it was a squeaker, a couple of feet on either end. Here it is fully loaded up, ready to go. On Tuesday morning, October 21, at about 7:00 AM, she passed underneath the Golden Gate Bridge and officially rode off into the sunset.

I want to take this opportunity to thank some people who have worked on this project over the last 5 years, or 15 years in some cases. The Maritime Division, Peter Dailey and John Davey have been unwavering in their support of this, no matter what odd form it has taken over the years.

Aaron Golbus was particularly helpful, the whole maintenance crew, Tom Carter, and Tim Felton toward the end executing all the complicated preparations that were necessary for this. The city attorney's office, Tim Yoshida; he can be finicky, fussy, extremely precise even at the margins of the margins. But that was exactly what the project needed. It's exactly what we needed. I'm very grateful to have had his counsel on this project.

Rich Berman, in real estate, was also invaluable on the environmental side of things, couldn't have done it without him. Lawrence Brown in finance and all the labyrinthine insurance requirements, and that's just inside the port. Thank you to Brad Benson for talking me off the ledge a couple times over the last five years.

I want to thank the city Purchaser, Jaci Fong and Assistant Purchaser, Kofo Domingo. I couldn't have done it without them. Thank you to Matt Hansen, the city Risk Manager and other people outside the city family.

I would like to thank especially Leader Nancy Pelosi and her staff. This all started with a 2009 show of support from her folks, which helped us with phase one in shrinking this down to a manageable size so we could complete the operation that we did last week.

Brad Benson - I wanted to acknowledge Daley's work on this. This was an incredibly complicated project, exposing the port to very big risks. He managed a very complicated, obscure negotiation with Dockwise, and figured out very complicated insurance and risk management issues. I want to thank you for all of your work, Daley.

Monique Moyer - Thank you, Daley. It's been a very auspicious fall for us. As you know, we opened the long-awaited cruise ship terminal, which had been first envisioned in the late 1980's. This disposition of the drydock has been envisioned for over a decade. It's taken many different iterations.

Daley had the foresight and the wherewithal to not only stick with it, but to find a creative solution. We're really very proud of that. Let me add my gratitude to you as well, Daley. Thank you, and to all of the team as it was a group effort.

I know probably the happiest two people in the room are Tom Carter and Peter Dailey. They no longer have to be out in the storms de-watering it so it won't sink or blow away. Peter doesn't have to worry about his birthday next week, and getting a call from the admiral to come get the drydock back, because his daughter's wedding is in two days and they don't want it to be part of the furniture.

Thank you very, very much, everyone. It's been a long and storied history. The story ended very well. Thank you. Commissioners.

- Monique Moyer elected President of the California Association of Port Authorities, October 2014

I wanted to make you aware that two weeks ago, I was elected to be the president of the California Association of Port Authorities. That's an association of the 11 public ports in the State of California.

We do a number of things, but most importantly, we work on international trade issues and tariffs and other things affecting our related businesses. The position is a two-year position. Typically, it is held by first a Northern California port, then a Southern California port. So it trades off every two years. I am replacing the outgoing president, who was the Port Director of San Diego, Wayne Darbeau. The vice president is Kristin Decas from the Port of Hueneme, who has also been elected as the president of the American Association of Port Authorities. We're very pleased with the

opportunities ahead of us. You'll be hearing a lot more about the business of CAPA in the year ahead. It's a great opportunity.

- World Series

As most of you know, I'm trained as an investment banker. Investment bankers are superstitious because we rely on the generosity of the marketplace every day. So I don't want to jinx the Giants tonight. But I do want to mention that there's a lot of orange in town. I know that you've seen the pictures of Coit Tower and the Ferry Building and hopefully, you've seen City Hall. But I wanted to point out this one, which is a picture of the Flaming Lotus Girls art exhibit at Pier 14. The mayor's office asked if it could be lit orange, and they were kind enough to do that for us. So starting at Pier 14, we have the Flaming Lotus Girls. Many of you, I hope, got to see the cruise ship terminal lit orange for the World Series gala last Thursday night. This is it, looking in from the Embarcadero Promenade. These pictures, by the way, are courtesy of Byron Rhett's cell phone. This is a picture looking back towards the cityscape of the apron, so the beautiful apron with the gangway.

The wonderful shoreside power terminals came out looking very elegant the other night. And of course, the fireworks courtesy of the Giants. We heard from many of the residents around Telegraph Hill how much they enjoyed the fireworks show, and were cheering loudly as the fireworks were coming out. It was a real measure of unity within the city. We thank the Giants for bringing all of that to us.

I did a quick survey of some of our restaurants to find out how this weekend's World Series events affected them. Most of our restaurants saw at least a 20 percent increase over the three days. The two restaurants, Red's and Java House at Pier 40, neither of them stay open to accommodate the crowds after the games. Their revenues went up about 20 percent for the Java House, but Red's went up about 200 percent. The HiDive restaurant said this was the best three days ever of their history in being open for almost 11 years. They had previously seen the best weekend during the weekend of Fleet Week of 2014. Their revenues were up about 80 percent, which was astounding. They are really excited.

People along the waterfront are celebrating. We haven't had a chance to talk to some of our other tenants, such as the pedicabs, to see how it has affected their business. But everybody has been really happy. Mission Rock Resort has even picked up some on the south side of the ballpark. They picked up a lot during the weekend, so they were very thrilled.

I'm sure you saw a lot of non-port tenants have been interviewed over the last couple of days, who have all been very grateful for the opportunity and the excitement that the World Series has brought. We're excited for them.

- Tideline Marine

Tideline Marine, who is one of our water taxi partners, launched their new vessel, which is named the Osprey, which gave Jay Ach a little bit of a worry. When I said the Osprey was here, he thought the birds were back. I have learned that I now have to be a little more careful in how I refer to the vessel.

Not long ago, you extended Tideline Marine's lease in exchange for them having the wherewithal to engage and enhance their business and venture into a larger vessel. They've been running two smaller protector vessels for the last two years. They hold about four to six passengers. The new Osprey vessel, shown here in the photo, can hold up to 40 passengers.

She was certified by the Coast Guard in a record three weeks. That's how great a vessel and clean shape she is. Some of us had the privilege to go on a very short ride today. She's incredibly smooth, and really just feels like you're out on somebody's back deck, going around the bay. They launched her just before Fleet Week, and her first tour of duty was to move the Blue Angels pilots from San Francisco over to Alameda for the air shows and back. I think that's a nice gig to have.

In the days since, they've worked the ship about 19 hours, and served well over 300 passengers, serving a lot of Giants fans. In addition, having the larger ship has allowed them to make their pricing more competitive, to bring their per-person price count down. I encourage anybody that's interested, even if you want to just go out and see the bay, which today is a perfect day for it, to go onto their website and check out their pricing.

The Osprey has a nice back area as well. She holds quite a few passengers inside the vessel as well as outside. So there's a little something for everyone there.

- Cruise Terminal Plaza Public Opening at Pier 27 – October 29, 2014

I want to remind everybody that on Wednesday, October 29, 2014 at 11:00 AM, we will be celebrating the opening of Cruise Terminal Park and the dedication of Lucy and Fritz Jewett Grove at the Cruise Terminal Plaza at Pier 27 across from Lombard Street. We look forward to seeing as many of you as can join us.

Commissioner Katz - I wanted to echo Executive Director's comments regarding the Osprey. It was exciting to see her. In speaking with them,

they're exploring some very unique and innovative ways to have vessels that will have virtually no emissions and even one that will not use any gasoline in any capacity at all. They're doing some project with solar power and a few other opportunities. It's exciting to see them on the cutting edge of clean technology transportation.

Since our cruise ship terminal has been open, we've had a few events there. It's been spectacularly beautiful. I would invite people to come to the opening of the park tomorrow.

Also I wanted to see if at some point, we might be able to allow some of the community groups that have been involved in the planning process and that are affected to perhaps get a tour of the terminal, because there are some that may not have had a chance to see it.

Monique Moyer - Sure, we'd be happy to.

Commissioner Katz - Hopefully the orange signifies support for one of our larger tenants as they go to the World Series today. I promise we will conduct a quick meeting, and we should be out before the start of the game.

Commissioner Adams - First of all, to everybody involved with the drydock, thank you for all your help. A special thank you to Daley. I know it was a tough year for you. You lost your father but he'd be proud of you. You stand for this, hanging in there. I wanted to thank you all for your hard work.

Director Moyer, congratulations on being president of the California Association of Port Authorities. That's a big job. I think that our ports, clearly, in California, need a lot of attention. With your leadership, working with the Ports of LA, Long Beach, Oakland, and Sacramento, you will bring a different vision to it. You've been in your position now for 10 years. Port directors last a minimum of three to four years. You are one that has lasted a long time. That is very deserving and bestowed upon you to be the head of the Port Authorities. I wish you all the luck.

Monique Moyer - Thank you very much, Commissioner.

Commissioner Woo Ho - As many of you know, I've been a big proponent of water transportation. We did have a short Tideline Marine tour today on their new boat. I will go on record to say that, it's a great step that we're taking. They're expanding. This is the third boat in their fleet. I want to emphasize that being able to develop more modes of water transportation, in addition to the existing ferries that we have, not only just for special events and recreation but it also helps in commuting to release some of

the road congestion. This is one of the biggest issues that we do face on the Embarcadero, and that we hope to see more north to south. This was just another step in that direction. Clearly, we want to applaud Tideline for taking that, and that they've been successful so far. We hope that they'll have more success, along with our other operators and hope we can expand this program going forward, and that we continue to maintain a focus on figuring out how to build more infrastructure for more water transportation along the waterfront. This is yet another milestone in our development and our progress in this direction.

Commissioner Murphy - I, too, was on that little water tour today. It was wonderful. The water taxis were very comfortable. I'm hoping to see one day that we'll have a regular taxi service from Redwood City to Napa. It would be incredible for moving people around, take some people off public transportation on the street level and the cars and all that other stuff. My congratulations to Director Moyer in her appointment. Daley, I was unaware that you had lost father. My condolence to you.

Commissioner Brandon - I was trying to contribute to the World Series game that we're all trying to go see. But I really enjoyed the short cruise we had out on the Tideline today. I want to commend them on their third ship and what they're doing for the environment. It's a great opportunity and their prices are just right. If anybody wanted transportation, I would definitely call them. I also want to thank Daley and the entire team who was able to dispose of the drydock. That was a 15-year project. He came up with a plan and a solution and it is actually gone. I can't believe it. Thank you very much for your persistence and your hard work.

I definitely want to congratulate Monique on her presidency with CAPA. That's a tremendous accomplishment for you, and an honor for you to represent the entire West Coast with such an important international organization. Congratulations!

Monique Moyer - Thank you.

Commissioner Brandon - The Giants and the World Series and the pennant and all the revenue that it's brought to the port, we just can't thank the Giants enough for all that they're doing. Thank you.

B. Commissioners' Report

10. CONSENT

- A. Request authorization to accept and expend a \$67,500 grant from the California Department of Parks and Recreation, Division of Boating & Waterways, Surrendered and Abandoned Vessel Exchange Program to allow

for removal, storage and disposal of eligible surrendered and abandoned vessels within the Port of San Francisco. (Resolution No. 14-55)

- B. Request authorization to submit to the Board of Supervisors Teatro Zinzanni's request for a waiver of the competitive bidding policy set forth in Administrative Code Section 2.6-1. (Resolution No. 14-58)

ACTION: Commissioner Brandon moved approval; Commissioner Adams seconded the motion. All of the Commissioners were in favor; Resolution Nos. 14-55 and 14-58 were adopted.

11. ENGINEERING

- A. Request authorization to award Professional Services Contract RPT1415-01, Earthquake Vulnerability Study of the Northern Waterfront Seawall, to GHD/GTC JV, a joint venture, in the amount of \$425,000, and to authorize staff to increase the contract amount, if needed for unanticipated contingencies, by up to an additional \$42,500 (10% of \$425,000) for a total of \$467,500. (Resolution No. 14-56)

Steven Reel, project manager in the engineering division - The item today is to request authorization to award the professional services contract for the earthquake vulnerability study of the northern waterfront seawall to GHD/GTC Joint Venture for \$425,000, and to authorize a 10 percent contingency up to an amount of \$467,500.

The northern waterfront seawall stretches approximately four continuous miles from Fisherman's Wharf to Mission Creek. This is 1850s downtown, prior to the seawall. Here is the seawall. This is a great seawall. It was built over 37 years, starting in 1878. It created 700 acres of new land, establishing the current waterfront edge.

Typical construction of the wall serves as the foundation for the bulkhead wharves and buildings, and secures key transportation and utility infrastructure. For over 100 years, the seawall has served the port and the city very well. However, the continued functioning of the seawall is at risk from deterioration due to advanced age, potential damage due from severe earthquakes, and overtopping from sea level rise associated with climate change.

The port has commenced a comprehensive plan to ensure continued functioning and safety of the waterfront. The plan includes a sea level rise study, which was completed in 2012 by URS/AGS Joint Venture. The earthquake vulnerability study being presented here today. After that, we intend to prioritize near-term needs, execute near-term projects, and then inform long-term planning.

The earthquake vulnerability study goals include gathering and reviewing all of the existing information, which is substantial; assessing the existing conditions; analyzing earthquake behavior; and assessing the damage and safety risks associated with the seawall bulkhead wharf and bulkhead buildings and the utilities within the zone of influence; forecasting the economic impacts from several different earthquake events; developing conceptual level retrofits; and prioritizing future improvements and/or study needs.

Port engineering and finance division staff jointly developed the RFP and carried out the selection process with the assistance of the contract monitoring division. The process included written proposals, which were evaluated and then scored by a selection panel. CMD then applied any local business enterprise bonus points, and then the ranking was created. No more than four of the top-ranked firms would be invited to an interview.

The interview includes a presentation and a response to standard questions. The interview is evaluated and scored by the same selection panel. CMD then applies LBE bonus points, once again, and completes the ranking. Final ranking is based only on the interview. The selection panel includes the structural engineer from the port; an engineering project manager from the port, not myself; structural engineering manager from DPW; and a geotechnical engineer from DPW.

We advertised the project on August 11, 2014. A pre-proposal meeting was held on August 19, 2014. It was standing room only, over 35 people attended, representing 25 firms. Proposals were due September 12, 2014. We received five proposals, all highly qualified. The top firms in the Bay Area submitted proposals.

There was a clear break of the scores at the written proposal stage, with the top three firms, all very close in score, and invited for interviews. They were AGS/Moffatt & Nichol Joint Venture, Ben C. Gerwick/Langan Treadwell Rollo Joint Venture, and GHT/GTC Joint Venture. All five firms were joint ventured. Four of those were joint ventured with local business enterprise partners.

After the interviews, the scores became even closer, with just a few points separating them - 367.65 for the winning firm, and 365.5 for second place, incredibly close. But there was a clear and unanimous winner, which was the joint venture between GHT and GTC.

GHT was established in 1923. It's an ENR. They rank 38th in the ENR top global design firms in 2013. They have 100 offices worldwide, more than 8,500 staff. The San Francisco office is the former office of Winzler & Kelly, which is a Bay Area engineering firm which GHT purchased in 2011. That office is the engineer of record for the Brannan Street Wharf, among other projects here at the port.

GTC, otherwise known as Geotechnical Consultants, was established in 1964 in San Francisco. They're a local business enterprise geotechnical and geology firm. They have notable projects for the SFPUC, for the port, and for BART. They are highly qualified.

The LBE subconsultant goal for this project was 25 percent. The team exceeds that by coming in at 25.9 percent. They have a highly-qualified team of subconsultants, including Land Economics Consultants; Ansari Structural Engineers; Saylor Consultants for cost estimating; Rollo & Ridley, another geotechnical firm in the Bay Area; Telamon Engineering, a civil engineering firm in the Bay Area; ESA, an environmental firm; and New Albion Geotechnical.

The next steps will hopefully be to authorize the award today. We're estimating to issue the notice to proceed on November 24, 2014. Preliminary results would then come in May of 2015 with the final results in September of 2015. The contract value, as mentioned before, is \$425,000 for a one-year term. It's not a lot of money for all we want to accomplish. All the teams came in with plans to attack the problem and give us high value.

Commissioner Woo Ho - This study will then help feed into what we need to do about the sea level rise, is that it?

Steven Reel - Right. This study will give us a lot of geotechnical information and knowledge on the existing wall that we have and the geotechnical conditions that are there. That can be used to build on what we do for sea level rise. We have a two-component strategy, where we have some immediate needs to see us through the next 50 years, in which time we will definitely see one or more very large earthquakes.

We will continue to experience sea level rise. There are points along the waterfront that we can take care of the problem within the next 50 years or so. Beyond that, we think there's a much larger strategy. Assuming the science is correct, the rate of rise is increasing. We need to rethink what we're doing along the waterfront. This study will help us with information. But its primary mission is to give us a better understanding of the earthquake vulnerability that exists today, and what we need to do to prepare for it.

Commissioner Murphy - I was going to ask the same question, but thanks for that answer. Basically, all these tests will let us know whether we can use part of the existing, or all of the existing seawall that we have, and just add, build on top of it? Is that correct?

Steven Reel - It will help to inform us with that.

Commissioner Murphy - How do we come up with the figure? Who determines four and a quarter? Did you get estimates from four or five different companies, or how does that work?

Steven Reel - You mean the dollar value. All of the companies were held to the same dollar value. We budgeted \$500,000 to look at the seawall. We're allocating \$425,000 for the contract. All of the firms knew that going in, that's the dollar amount. What can you do for \$425,000? What can you give us? That was their challenge.

Commissioner Murphy - Some are very reputable companies that I know. I know quite a few of them.

Commissioner Katz - I also had the same question regarding sea level rise. In terms of some of the receivables, I understand much of the assessment. But one of the items, development of the conceptual level earthquake retrofits, I assume that's not the design drawings per se.

Steven Reel - Right. It's not design drawings at all. It's high-level concepts. What can you do? Here are the various options. Then there are cost benefit-type of analysis that goes along with each one so that we have an understanding of what are possibilities here, and what the costs and benefits appear to be. It's real top-level conceptual stuff. Out of that, we should be able to then proceed with projects to reinforce our waterfront.

Commissioner Katz - I assume we don't have any prohibition if we then undertake future projects of having any of the members of this joint venture team bidding on those?

Steven Reel - We should not but there are conflict of interest regulations in the city. It's always a question as how to interpret them. In general, we're not asking for any proprietary information in this study. It will be a public document. There's very little chance that the firms that produce this information would be conflict of interested out on future work.

Commissioner Brandon - Will we be doing the same survey on the southern waterfront?

Steven Reel - The southern waterfront is a little bit different in that we don't have the seawall. That's a softer waterfront. We recently had a project, the Mission Bay Shoreline Project, which reinforced a section of shoreline there. The Seawall Lot 337 Project will be looking at its shoreline. As we get further down, Pier 70 projects are looking at the shoreline there. There will be future work to be done, comprehensive work to be done to look at the southern waterfront. But it's not quite the same urgency as the northern waterfront at this time.

Commissioner Brandon - What about Pier 80 and Pier 96?

Steven Reel - Pier 96 will hopefully be part of a new break bulk facility. We will look at that portion of the waterfront in the future but it does not have the immediate earthquake risk associated with the northern waterfront seawall.

ACTION: Commissioner Brandon moved approval; Commissioner Adams seconded the motion. All of the Commissioners were in favor; Resolution No. 14-56 was adopted.

12. REAL ESTATE

- A. Request authorization to seek California State Lands Commission approval to terminate the Public Trust over Daggett Street pursuant to SB 815 (Senator Migden; 2007). (Resolution No. 14-57)

Brad Benson, Special Projects Director – I'm here with Robin Havens, a project manager from the Office of Economic and Workforce Development, and Steve Wertheim from the Planning Department, to talk about Daggett Street. Daggett Street is one of a number of very strange parcels of land that were conveyed from the State of California to the port by the Burton Act and the transfer agreement.

This happens to lie in the filled area of Mission Bay that's on the other side, the land side of 280. It's quite a distance from the waterfront. It's a bit of an artifact that it's in port jurisdiction. It certainly doesn't relate to any of our maritime functions. We don't manage it as a piece of property. Today it's a dedicated city street.

We're here to seek your permission today to terminate the trust on Daggett Street, get permission from State Lands to do that as one step on the path to conveying this property at fair market value to another city department to enable a park.

As you all know, the city has been rezoning big areas of the eastern neighborhoods of the city. There was the eastern neighborhoods plan that encompassed the Mission, Potrero, Showplace Square, the central waterfront, and East SoMa, to enable more housing development and to enable the city to reach its housing production goals, over the next couple of decades.

It's been quite successful. It grappled with a number of issues in asking the residents of these areas to take that density. Big question was, what about parks and the other public benefits that are needed to support that new development? There's not a lot of space for parks in the eastern neighborhoods.

This is zooming in to the Showplace Square area, right adjacent to Mission Bay. It gives you a sense of the currently planned parks. The port is doing a great job through David Beaupre's efforts to pursue the Blue Greenway, which will be on the bay edge to the right side of this. You'll see the proposed Daggett Park, in the center of this. It became a very high priority for the eastern neighborhood citizens' advisory committee to develop this park in an area that didn't have a lot of open space.

This is a map of the Daggett Street Right of Way. It's a very strange street shape, running between 7th and 16th street. It used to be surrounded by the Glidden Paint Factory. It's been rezoned. The land around it has been rezoned for a residential project.

As I said before, the street is a dedicated street. It's almost 40,000 square feet, just a little under an acre. We propose to sell the street to the real estate department to enable construction of what will be a developer-funded park. The developer of the surrounding residential will pay for the park and pay to maintain it in perpetuity.

We believe that this transaction fulfills both the policy objectives of the eastern neighborhood plan and of SB 815. SB 815 was a bill that the Port Commission authorized port staff to get in 2007 to terminate the trust on some of these paper streets, and allow non-trust leasing on some of our seawall lots.

The money that we obtained from selling these parcels or leasing them for non-trust purposes is set aside under SB 815 to fund the port's 10-year capital plan. The State Lands Commission has to make a number of findings with regard to the lands, generally, to find that it's not needed for maritime purposes or other public trust purposes, that it's really cut off from the water.

Daggett Street is a perfect example of this. We believe that these findings are easy to reach. They also have to find that we're getting fair market value for the property. We did an appraisal with Clifford Advisory, LLC. It's in the city's appraisal pool. They issued an appraisal on February 1, 2014.

The instructions were a little bit different than we normally issue because it's a dedicated street. The city has longstanding policies not to vacate streets for private purposes, but only to do it for public purposes. That's in the city's general plan. We asked them to look at the value of the property, assuming a P zoning, public zoning, and open space.

The appraisal was very creative. But looking at how this park will increase the value of the surrounding residential, they did comparable analysis, came up with a \$1.6 million conclusion. Port staff was very happy about that. The proposed transaction, if authorized by the Port Commission, we would then seek the findings at State Lands.

Subject to your approval, Daggett Street would be transferred in an as-is condition from the Port to the Real Estate Division, who would pay us \$1.6 million from a grant from the State of California to support parks associated with housing development. We expect that would happen sometime early next year. After that, the developer would be in a position to build this park.

Commissioner Murphy - We just got the one?

Brad Benson - Yes. I wish we had a dozen of these. We actually have a few other streets. There are some that were congregated right around the old Hunter's Point Power Plant that we included in SB 815. There was another one quite close to Daggett Street. I'm forgetting the name of it, but it was the subject of prior litigation that the Port Commission resolved.

SB 815 also included all the seawall lots south of Market Street such as Seawall Lot 330, Seawall Lot 337. That's the focus of the Giants development. There, we're not seeking to terminate the trust in its entirety, necessarily, but to allow non-trust development, but under the same formula, where proceeds generated will help the port with capital needs.

Commissioner Murphy - The building that's going on there, will that be 100 percent affordable?

Brad Benson - Other than park, there's no building construction planned for Daggett Street itself. Adjacent to it, there's a market-rate project that meets the eastern neighborhood's standard for on-site inclusionary, which is a bit higher than in the rest of the city.

Commissioner Murphy - So the Port feels that this \$1.6 million, or \$42 a square foot, is adequate?

Brad Benson - We do. Frankly, given the city's policies around dedicated streets, and the fact that this is a dedicated street, we're very pleased to get this value from this asset, because it's a discretionary act for the city to vacate the street. Without the city taking that action, it would be hard for the Port to reach any value.

Commissioner Woo Ho - You mentioned that this funding is coming from a grant so actual cash will actually be received.

Brad Benson - Actual cash, yes.

Commissioner Woo Ho - Given that you have to go to State Lands, when do we anticipate the transaction could close?

Brad Benson - We would hope that the transaction would close in the early part of next year, when the grant funds are in hand. Our hope is, if you

approve this and we communicate with State Lands, that we may be able to come back to you to seek your authorization to enter the MOU at your November meeting.

Commissioner Woo Ho - This \$1.6 million, in terms of our own financial forecasts, is it in the numbers or not in the numbers yet?

Brad Benson - No, it was not forecast. It would be additive to the funds that would be available to the commission to program for capital or other purposes.

Commissioner Woo Ho - That's nice to know, nice to have.

Monique Moyer - If the timing goes as planned, we would be getting the payment right about the same time you'll be taking up the five-year financial forecast, and then any supplements to the two-year budget or the two-year capital budget.

Commissioner Woo Ho – I guess we will hear from you at some point what you would like to do with these proceeds.

Monique Moyer - Yes. There will be an action item to appropriate the funds, either as a standalone item going to the Board of Supervisors, or rolled into a budget amendment.

Commissioner Adams - Right now, we're not getting any revenue off the property at all, correct?

Brad Benson - That's correct.

Commissioner Adams - Secondly, once it goes through the State Lands, could they come back with something, or you guarantee it's a slam dunk? Would they come back with something because of the bird nest? What are the plus and minuses? What could they say?

Brad Benson - On the generic findings that are required to terminate the trust, that it's cut off from the water, it was filled as part of the highly beneficial program of harbor improvements, that it can't be used for trust purposes, I will say that it's a slam dunk. The SB 815 made those findings as well. But it asks the commission to go through that exercise each transaction.

The big thing that we're pursuing is their sign-off that this is fair market value. I described to you the appraisal instructions that we gave, and the unique nature of the land, that it's a dedicated street. They have to make a fair market value at the commission level in order to authorize us to sell it. That's what we'll be working on with them.

Commissioner Murphy - So they take responsibility for any contaminants or whatever is on the lot?

Brad Benson – Yes, it's an as-is sale.

Commissioner Katz - I'd like to point out and let the public be aware that we appreciate that the Port is facilitating the opportunity to create the added park space, in keeping with so much of the park space and open space we're providing along the waterfront. This is really a nice added opportunity to provide further green areas for the public here in the city. I'm excited about that opportunity as well.

Brad Benson - We'll make sure that the commission gets invited to the ribbon-cutting for the park.

ACTION: Commissioner Brandon moved approval; Commissioner Adams seconded the motion. All of the Commissioners were in favor; Resolution No. 14-57 was adopted.

13. NEW BUSINESS

Monique Moyer – For NEWAG, I believe Diana Taylor is going in for a tour soon but we'll certainly reach out to the larger groups to offer a tour of the Pier 27 Cruise Terminal.

14. ADJOURNMENT

ACTION: Commissioner Brandon moved approval to adjourn the meeting; Commissioner Adams seconded the motion. All of the Commissioners were in favor.

Port Commission President Leslie Katz adjourned the meeting at 4:30 p.m.

Go Giants!

